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4 Defendant Paula Thomas
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8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA**
10 **RIVERSIDE DIVISION**

11 In re
PDTW, LLC,

12 Debtor.

13
14 LARRY SIMONS, Chapter 7 Trustee,
15 Plaintiff,

16 vs.

17 PAULA THOMAS, an individual;
18 THOMAS WYLDE, LLC, a California
limited liability company; THOMAS
19 WYLDE HOLDINGS, LLC, a California
limited liability company, and DOES 1 -
20 10,

21 Defendants.
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Case No. 6:16-bk-15889-SY

Chapter 7

Adv. No. 6:17-ap-01200-SY

DECLARATION OF DIMITRIOS P.
BILLER IN SUPPORT OF
DEFENDANT PAULA THOMAS'
NOTICE OF MOTION AND MOTION
FOR AN ORDER TO (1) COMPEL
RESPONSES AND DOCUMENTS
FROM PDTW, LLC TO PAULA
THOMAS' FIRST SET OF REQUEST
FOR PRODUCTION; (2) DISMISS THE
ADVERSARIAL COMPLAINT AND
COUNTER-COMPLAINT FILED BY
TW, LLC

EXHIBITS "22" THROUGH "27"

DATE: October 18, 2018

TIME: 9:30 a.m.

PLACE: Courtroom 302

JUDGE SCOTT L. YUN

DECLARATION OF DIMITRIOS P. BILLER

1
2
3 1. I am the attorney for Paula Thomas in the bankruptcy proceedings,
4 adversary proceedings, in a case filed in the United States District Court for the
5 Central District of California, and two cases in the California Superior Court. I have
6 conducted all the discovery and law/motion practice in the adversary proceedings. All
7 the facts, statements, comments, situations, circumstances and documents described in
8 this declaration are true and correct. If called to testify regarding these issues I could
9 and would provide competent testimony.
10

11 2. This Declaration is submitted and filed with the Court to support Paula
12 Thomas' position that PDTW and TW are in collusion and in a conspiracy to conceal
13 evidence and to conceal the destruction of evidence in violation of *Penal Code* §§ 135
14 and 182 in an effort to consummate a deal they reached without the knowledge of the
15 Court or Paula Thomas. The collusion and conspiracy took the form of (a)
16 strategizing and filing the Complaint for Adversary Proceedings; (b) concealing
17 ESI/evidence and the destruction of evidence; (c) share ESI at the exclusion of Paula
18 Thomas to deny her a fair opportunity to present her case; and (d) discovery strategy to
19 unnecessarily delay discovery to increase litigation costs.
20
21

22 **A. Discovery Dispute and Joint Stipulation Exhibits**

23 3. When counsel for PDTW realized Paula Thomas was not going to sign a
24 Global Protective Order in early September 2018, counsel stated that she needed more
25 time to produce documents because she had to go back and react confidential
26 information; she needed two to three months. I requested that she produce the non-
27 confidential documents. Counsel stated that documents would be produced in a "link"
28

1 without any designation as to what documents were responsive to the specific requests.
2 Counsel did not specify how many documents would be produced through the "link."
3 Furthermore she refused to produce the QuickBooks that the Trustee obtained from
4 Richard Peddie. See Request for Production No. 42, 41 [sic], 42 [sic], and 43.

5 4. This Declaration serves also to be a "Declaration of Non-Cooperation"
6 under *LBR 7026-(c)(4)*. After completing the "meet & confer" I sent PDTW's counsel
7 (Regan Boyce) a [PROPOSED] Stipulation for Discovery Dispute on September 4,
8 2018. I sent a draft of the Stipulation that I prepared to Counsel in "word" so she
9 could input PDTW's position. On the 7th day to complete the Stipulation, PDTW sent
10 me a pdf version of the Joint Stipulation, and I requested a "word" version so I would
11 not have type Counsel's changes into my version. I never received that "word"
12 document. On September 17, 2018 I sent my revised Stipulation and requested that
13 Counsel reduce the Introduction Section for PDTW to three pages. She stated she
14 would have it back to me "mid-week." **Exhibit "28"** includes the e-mail exchanges
15 between me and Regan Boyce regarding the Stipulation that was not presented to this
16 Court.
17

18
19 5. In the meantime, I was preparing the Notice of Motion and Motion to
20 Compel, the Declaration of Paula Thomas, my Declaration and assembling exhibits. I
21 complete these tasks on September 17, 2018. I certify that I have met and conferred
22 with opposing counsel in a good faith effort to resolve this dispute.
23

24 6. **Exhibit "1"** is a true and correct copy of Paula Thomas' First Set of
25 Requests for Production of Documents referred to in the Stipulation.
26

27 7. **Exhibit "2"** is a true and correct copy of PDTW's Responses to Thomas'
28 First Set of Requests for Production of Documents referred to in the Stipulation.

1 8. **Exhibit "3"** is a true and correct copy of the Thomas' Requests for
2 Inspection of Computers referred to in the Stipulation.

3 9. **Exhibit "4"** is a true and correct copy of the Objections PDTW served to
4 the Request for Inspection of Documents referred to in the Stipulation.

5 8. **Exhibit "5"** is the Jun 10, 2017 e-mail that Larry Simons produced
6 related to Peddie's "laypersons" accountant analysis of Thomas's debt that Zamora sent
7 to PDTW's accountant.

8 9. **Exhibit "6"** is the June 10, 2017 e-mail that I obtained from Larry
9 Simons related to an agreement between Peddie and Zamora/Trust/Debtor in which
10 Peddie reminds Zamora that he gave over stuff and they agreed to fight over the
11 money later.
12

13 10. **Exhibit "7"** is a true and correct copy of the Complaint for Adversary
14 Proceedings.
15

16 9. **Exhibit "8"** is a true and correct copy of portions of Larry Simons'
17 deposition testimony.

18 10. **Exhibit "9"** are two e-mails that Richard Peddie sent to Nancy Zamora
19 encouraging the Trustee to file a complaint for adversary proceedings.
20

21 11. **Exhibit "10"** is an e-mail from Peddie to Nancy Zamora revising a Reply
22 Brief that Peddie help Zamora write.

23 12. **Exhibit "11"** are e-mails from Peddie to Zamora informing her that TW
24 has registered the trademark **THOMAS WYDLE** and the Henna Skull in the name of
25 TW even through ownership is disputed.
26
27
28

EXHIBITS	DESCRIPTION OF EXHIBITS
Exhibit No. 1	Paula Thomas' First Set of Requests for Production of Documents
Exhibit No. 2	PDTW's Responses to Thomas' First Set of Requests for Production of Documents
Exhibit No. 3	Thomas' Requests for Inspection of Computers
Exhibit No. 4	Objections PDTW served to the Request for Inspection of Documents
Exhibit No. 5	E-mail that Larry Simons produced related to Peddie's "laypersons" accountant analysis of Thomas's debt that Zamora sent to PDTW's accountant
Exhibit No. 6	June 10, 2017 e-mail that I obtained from Larry Simons related to an agreement between Peddie and Zamora/Trust/Debtor in which Peddie reminds Zamora that he gave over stuff and they agreed to fight over the money later

Exhibit No. 7	Complaint for Adversary Proceedings
Exhibit No. 8	Deposition Testimony Transcript of Larry Simons
Exhibit No. 9	Two e-mails that Richard Peddie sent to Nancy Zamora encouraging the Trustee to file a complaint for adversary proceedings
Exhibit No. 10	E-mail from Peddie to Nancy Zamora revising a Reply Brief that Peddie help Zamora write
Exhibit No. 11	E-mails from Peddie to Zamora informing her that TW has registered the trademark THOMAS WYDLE and the Henna Skull in the name of TW even through ownership is disputed
Exhibit No. 12	Courter-Claim TW presents to this Court
Exhibit No. 13	Declaration of Mr. Fife filed in Support of the Motion for Summary Judgment that PDTW filed
Exhibit No. 14	Declaration of David Schnider

1	Exhibit No. 15	Declaration of David Schnider
2		
3	Exhibit "16"	Declaration of David Schnider
4		
5		
6	Exhibit	E-mail exchange between David Schnider and Andre
7	"17"	Apfelberg
8		
9		
10	Exhibit "18"	Deposition Testimony Transcript of David Schnider
11		
12	Exhibit	Deposition Testimony Transcript of Eniluz Gonzalez
13	"19"	
14		
15		
16	Exhibit	Deposition Testimony Transcript of Ed Smith
17	"20"	
18		
19	Exhibit "21"	Declaration of Dan Fuchs
20		
21		
22	Exhibit "22"	Richard Peddie e-mail exchanged with Andrew Apfelberg
23		
24	Exhibit "23"	Richard Peddie e-mail exchanged with Andrew Apfelberg
25		
26		
27	Exhibit "24"	July 6, 2017 e-mail from Peddie to Zamora regarding the
28		

	lack of value the computers have
Exhibit "25"	Deposition Testimony Transcript for Meldy Rafols
Exhibit "26"	May 14, 2015 Termination Letter Richard Peddie wrote for TW
Exhibit "27"	Agreement to Purchase Membership Interests with an effective date of January 1, 2015.
Exhibit "28"	Declaration of Biller attaching e-mails showing Andrew Apfelberg was involved in the transaction from the beginning, not starting in June/July
Exhibit "29"	E-mails exchanged between Biller and Boyce regarding the Joint Stipulation
Exhibit "30"	Incomplete pdf document of the Stipulation

C. Litigation Background

13. From the moment I got involved in representing Paula Thomas in or about June 2017, I had to prepare a case for trial commencing on October 10, 2017 in the Superior Court. I immediately started to conduct discovery because the prior firm representing Paula Thomas did not conduct sufficient discovery to present sufficient

evidence to prevail on the various claims. I took the depositions of (a) Eniluz Gonzalez, (b) David Schnider (three times before trial), (c) Meldy Rafols, (d) PMK Witness for TW on 20 topics (including Jene Park and David Schnider) and (e) Thomas Pastore. I requested the production of documents, but TW simply produced the documents it produced to Plaintiff on February 26, 2016 and an additional 1,000 pages of documents. David Schnider only produced Paula Thomas' file at his first deposition, but claimed all the previously produced documents and the additional documents produced on August 8, 2017, at 9:00 p.m. were all the responsive documents to the Demand to Produce Documents set forth in the PMK Notice of Taking Deposition and in the subpoena duces tecum served on Schnider. However, on September 28, 2017 he produced three and a half inches of e-mails for the first time, but he did not produce the attachments to those e-mails. On September 19, 2017, PDTW filed a Adversarial Complaint and the Superior Court case was stayed. That was nearly one year ago.

14. The Adversarial Complaint is a fraud because it alleges that Paula Thomas did not have the right to "assign" the trademark and copyrights that she owned to TW Holding, LLC on the grounds that PDTW owned those rights through the "employee acting within the scope of employment" and/or worker for hire concepts. PDTW did NOT attached to the Complaint the September 13, 2013 Trademark Licensing Agreement or the Copyright Licensing Agreements Paula Thomas that PDTW executed. (**Exhibit "7"**) Those agreements clearly show Paula Thomas to be the owner of the IP and PDTW merely being a "licensee" with an obligation to pay Paula Thomas \$1,000.00 a year. *See* Paula Thomas' Declaration. The Complaint for Adversarial proceedings did not make any factual allegations to support the concept

1 PDTW put the trademark in commence first for use. It did not present any such
2 evidence in opposition to Thomas' Motion for Partial Summary Judgment.
3

4 15. The only Counter-Claim TW seeks is for Declaratory Relief. **Exhibit**
5 **"12"** is a true and correct copy of the Counter-Claim TW presents to this Court. The
6 allegations of the claim are dependent on having reliable accounting, business finance,
7 and tax records. Those allegations include:
8

9 197. As alleged by Trustee, actual controversies exist as to ownership of
10 the Copyrights and Trademarks at issue in this case. *See* Complaint ¶¶
11 101-102.

12 198. **TW instead contends that Debtor at all times understood and**
13 **agreed that the subject intellectual property would be assigned to**
14 **TW in exchange for those amounts expended by TW on its behalf or**
15 **lent to it or used to pay off debts assumed by Thomas momentarily**
16 **and solely for "transactional and/or tax-motivated reasons."**
17

18 199. **TW thus contends that Debtor was at all times obligated to**
19 **transfer to TW anything that Thomas herself could not transfer as**
20 **part of the "agreed-upon plan."** Thus TW lays claim to the
21 **intellectual property itself, as well as to those designs Thomas**
22 **purported to assign to TW, as well as to their embodiment, in the**
23 **form of the archives.**
24

25 200. **TW contends that Debtor's acceptance of millions of dollars on**
26 **the one hand, as well as its acquiescence to the transfer of the**
27
28

intellectual property demonstrates Debtor's understanding and,
more importantly, its "performance of this plan."

201. TW further contends that the fact that Debtor left the archives with TW demonstrates Debtor's understanding and, once again, its **"performance of this plan."**

202. Thus, TW contends that whatever defects or infirmities there may have been in the execution of the plan, the transfer to TW of the subject intellectual property is not void.

203. Thus, TW contends that the archives were delivered to it and belong to it.

204. And thus, TW requests that this Court declare TW to be the owner of the Copyrights and Trademarks and the archives.

16. The above allegations in the Counter-Claim are reliant on the computers and ESI in the computers at PDTW and TW from 2012 to 2016. Plaintiff cannot defend herself without this ESI. However, PDTW refuses to produce the ESI that Richard Peddie gave to Larry Simons and who then gave that ESI to the accountant for the Trustee. **Exhibit "13"** is a true and correct copy of the Declaration of Mr. Fife filed in Support of the Motion for Summary Judgment that PDTW filed. TW maintains that it incurred \$4.4 million in expenses for PDTW in 2014 and 2015, and TW shows a \$4 million advance to PDTW on its 2015 tax returns. *See infra*. Thomas maintains that the alleged \$4.4 was never incurred by PDTW and is a fabricated debt.

D. TW's Allegations are FALSE and Paula Thomas Is the Majority Owner of TW

17. Richard Peddie has filed at least three Declarations signed by David Schnider with the United States Bankruptcy Court that directly contradict the notion that there was an "agreed upon plan" for Paula Thomas to transfer the IP to TW. Those Declarations also contain false statements. The November 30, 2017 Declaration states:

9. **Exhibit J to the Opposition is at true and correct copy of an e-mail chain starting on July 9, 2014 and ending on July 10, 2014, in which I was copied.** These e-mail chain contains the initial proposal I was aware of from a potential investor concerning obtaining capital and restructuring the THOMS WYLDE fashion house. This was before TW was formed. Paula Thomas was a participant in these communications. **I am informed and believe that at the time she had hired attorney Andrew Apfelberg to represent her interests in the contemplated transaction.** **It is my understanding that Apfelberg represented Thomas throughout the transaction.** He worked with me on Thomas' Agreement to Purchase Membership Interest and the related instruments.

8. **Exhibit "14"** is a true and correct copy of the Declaration of David Schnider containing the above quote. The July 9, 2014 e-mail chain actually ends on July 18, 2014 and it represents a contract to create TW. David Schnider and Richard Peddie apparently did not include the July 18, 2014 portion because David Schnider accepts the offer:

Dear Doug:

Thank you for conveying the proposal from Stephen Choi. We agree to the basic terms with four minor adjustments, as reflected below.!

First, we have adjusted the ownership percentages to 45% for Steve, 32% for Paula, 9% for John, 9% for Jene, and 2.5 percent each for you and Roger.

Second, we added in a provision that once Stephen recoups his equity, Paula may "claw-back" 2% of his interest.

Third, we adjusted the amount of the loan to [????].

Fourth, we added in a provision that there will be no pre-payment penalty on the loan.

We understand that the details will be ironed out in the legal documents to be drawn up shortly. Please get those to us at your earliest convenience so we can begin discussing the contractual provisions and ironing out the final points.

Equity:

- \$5.5 Million equity investment for all assets of Thomas Wylde Holdings LLC and PDTW LLC that would include Thomas Wylde intellectual property, accounts receivables, all logos and imagery, customers files, designs, library and client list.

- **New LLC would be created to include all the above assets. The IP, on the other hand, would remain under the Thomas Wylde Holdings LLC.**

- Both NewCo and Thomas Wylde Holdings LLC membership interest

would be divided as follows: Stephen Choi 45%, Paula Thomas 32%,
Jene Park 9%, John Hanna 9%, Doug Lee, 2.5, Roger Kuo 2.5%.

- Upon Stephen Choi's recoupment from profit sharing of his initial \$5.5 Million equity investment, he shall transfer back 2% of his interest to Paula Thomas, reducing his membership interest to 43% and increasing hers to 34%

- All executives must commit for five years and sign management contracts accordingly.

- Paula Thomas would have control over the creative aspects of the design elements and direction of the product and imagery of the brand.

- Financial and operations matters would be under the direction of management team designated by Stephen Choi.

- Funds would be deployed as per a schedule to be prepared and submitted by TW CEO.

Debt:

- \$2.0 Million in loans would be made available to replace outstanding liabilities of the PDTW, LLC which include liabilities to CBC partners LLC, Jene Park and suppliers.

- Payment made quarterly by the NewCo to Stephen Choi.

- Interest rate, length of term and collateral will be determined in the coming weeks. There will be no pre-payment penalty.

The above are the general points for your approval. Once, we get receive your approval we would get lawyers to draft legal documents.

Funds would be deployed once the documents are executed.

1 We look forward to working together in building TW into a highly
2 valuable luxury brand.! If you have any questions, please do not hesitate
3 to ask.

4 9. **Exhibit "9"** attached to the Declaration of Paula Thomas that
5 represents the entire July 9, 2014 e-mail chain. The contract was between
6 Stephen Choi (NOT Hillshore Investment, S.A.) and Thomas. The next
7 Declaration that David Schnider signed and that Richard Peddie prepared
8 includes the following:
9

10 5. Certain investors [**Stephen Choi**] were located in the
11 summer of 2014 who were interested in investing in the
12 THOMAS WYLDE brand. This is how TW was formed.
13 **[This sentence is consistent with TW being formed under**
14 **the July 18, 2014 e-mail/contract; a company just does**
15 **become formed without a contract when assets are**
16 **transferred from one company to the New Company]**
17

18 6. At that time, Debtor was being sued by Dr. Michael
19 Schiffman and there were other secured lenders, the largest
20 being CBC.
21

22 7. For these reasons, and others besides, a merger
23 between Debtor and TW was deemed inadvisable. So too, a
24 bulk purchase of all tor Debtor's assets was out of the
25 question given the pending litigation and also given the
26 security agreements held by the other parties; Any such plan
27 was likewise deemed inadvisable because of the risk that
28

Schiffman or a secured creditor would claim a fraudulent transfer.

8. Thus, from mid-2014 or so onwards, and as Debtor and TW studied how best to hand off Debtor's business to TW, started lending money to Debtor either directly or through paying its creditors and vendors. This was also so that Debtor could pay things like rent and payroll and otherwise continue operations at a time when it was insolvent and once again on the verge of collapsing.

9. Debtor's CEO fully understood that these advances and loans constituted debt owed to TW and they were recorded as such.

10. The above quote is in the Declaration of Schnider attached as **Exhibit "15."** PDTW did not have a CEO in 2014. *See* Paula Thomas' Declaration. **Exhibit "15"** is a true and correct copy of the Declaration of David Schnider containing the above quote. The next Declaration, **Exhibit "16"**, that contains false statements is the Declaration TW filed in Opposition to Paula Thomas' Motion for Partial Summary Judgment.

5. Attached to that Declarations & Exhibits Package attached to the Opposition as Exhibit E are true and correct copies of certain e-mails between myself and attorney Andrew Apfelberg of the law firm of Greenberg Glusker Fields Claman & Machtinger LLP, a well-know law firm in Los Angeles. These are two samples from a series of

emails chains involving Mr. Apfelberg regarding the
negotiation of Paula Thomas' APRI and the transaction
to purchase the THOMAS Wylde intellectual property.

6. The first chain, commencing at **OppMSJ00037**, show that Andrew Apfelberg was already informed of the discussion points for the contemplated transaction. And in fact, I was in communication with Andre Apfelberg throughout this process, staring in July of 2014, and into February of 2015. (Emphasis added; false statement)

7. I informed Paula Thomas, either directly or through her counsel, Andrew Apfelberg, that the members would join TW in three phases and that she would not be one of the "original" members but would instead join later. This was done for tax reasons to benefit her and the other minority members. I similarly informed Paula Thomas, either directly or through her counsel, Andrew Apfelber, that Hillshore Investment, S.A. would be the last to become a member for TW for the same reasons. (Emphasis added; completely false)

8. The second chain, commencing at OppMSJ00040, shows communications on just before Dec. 22, 2014, the date Paula Thomas signed the APRM and related instruments. TW was bound, under the APRI and

Attachments, to pay off CBC Partners I, LC for

Thomas." (Emphasis added; completely false)

11. The underscored/bold language in the Declaration of David Schnider set forth immediately *infra* are false statements that are proven to be false by the following evidence. The following e-mail exchange between David Schnider and Andrew Apfelberg is inconsistent with "**These are two samples from a series of emails chains involving Mr. Apfelberg regarding the negotiation of Paula Thomas' APRI and the transaction to purchase the THOMAS Wylde intellectual property:**"

"Andrew:"

"Attached for your review are the Operating Agreement for Thomas Wylde, LLC and the deal docs for Paula's investment in the company. It may be helpful to discuss further by phone, but so you understand I'll break down the basic structure. Paula is dissolving Thomas Wylde Holdings, LLC, the sole asset of which is the Thomas Wylde IP. Paula is assuming three specific liabilities from PDTW, LLC, consisting of the CBC loan and two loans to Steve Prestemon. Based on advice from our outside CPA, **those assets and debts should cancel out so that Paula has no tax consequence.** (Emphasis added; [**This is not a tax benefit at all**]) Paula will then assign the Thomas Wylde IP, the CBC loan, and the Prestemon loans to Thomas Wylde, LLC and will also provide \$3200 cash for her 32% interest in the company. Thomas Wylde, LLC will then immediately pay off the CBC loan and Prestemon loans. In practice, that pay off may actually happen before we get the transfer

documents all signed. Thomas Wylde, LLC anticipates that it will then
issue a membership interest to **Hillshore Investments** in exchange for a
\$5.5M cash investment. If Hillshore earns out its full investment in
distributions within three years, then each of the four current LLC
members will give a unit of their membership interest back to Paula,
representing a 2% total stake in the company.

Let me know if you need anything further from me. Otherwise, please
review the documents and provide me with your comments. **[There is
not a discussion about tax benefits to any other party]**

Regards,"

"David"

"David –

I need my engagement letter and retainer returned before I
can do anything. Then I need to talk with you about the
structure before I can comment on this."

"Andrew"

12. **Exhibit "17"** is a true and correct copy of the above e-mail exchange.

TW was created on July 22, 2014 with the filing of the Articles of Organizations and
David Schnider waited five months to prepare the above documents?

13. The following statement is also false: **"I was in communication
with Andre Apfelberg throughout this process, staring in July of 2014."**

The Declaration of Biller attached as **Exhibit "16"** sets forth e-mails showing
Andrew Apfelberg was involved from the beginning in February 2014. Based
on my review of the client files that Greenberg Glusker produced on July 30,

1 2018, I prepared and filed a 2nd Amended Complaint naming Greenberg
2 Glusker, Andrew Apfelberg and Olivia Goodkin as defendants to the legal
3 malpractice, fraud, fraud by concealment and other intentional tort claims.

4 14. The deposition testimony of David Schnider proves he did not
5 inform Paula Thomas of the following:

6 **I informed Paula Thomas, either directly or through her**
7 **counsel, Andrew Apfelberg, that the members would join**
8 **TW in three phases and that she would not be one of the**
9 **"original" members but would instead join later. This**
10 **was done for tax reasons to befit her and the other**
11 **minority members. I similarly informed Paula Thomas,**
12 **either directly or through her counsel , Andrew Apfelber,**
13 **that Hillshore Investment, S.A. would be the last to**
14 **become a member for TW for the same reasons.**

15
16
17 15. Schnider added at his fourth deposition that if he did not have an e-mail
18 informing Thomas about Hillshore Investment, S.A. being a member then he did not
19 inform her. **Exhibit "18"** is a true and correct copy of David Schnider's testimony.

20 **E. Hillshore Investment is a Phantom Corporation**

21
22 16. Hillshore Investment, S.A. does not exist based on the
23 deposition testimony of Eniluz Gonzalez. **Exhibit "19"** is a true and
24 correct copy of the deposition testimony of Eniluz Gonzalez and a
25 summary of that testimony. Set forth below are the facts that I based this
26 conclusion upon; these facts were taken from the deposition transcript of
27 Eniluz Gonzalez:
28

1. Eniluz Gonzalez testified on July 31, 2017. (pg. 8, lns. 7-16)
2. Eniluz Gonzalez was instructed that she was going to have to testify in
the state court action and as a Defendant in the federal case. (pg. 9, ln.
11 - pg. 10, ln. 1)
3. Gonzalez stated she was going to be in the United States until November
2017. (pg. 14, lns. 13-15)
4. Gonzalez then testified that she has travel plans leaving the next
Wednesday and returning on November 2017. (Gonzalez, pg. 14, ln. 18
through pg. 15, ln. 23)
5. Gonzalez received the subpoena duces tecum and she was required to
produced documents, but she did not produce any documents.
(Gonzalez, pg. 19, lns. 4-19)
6. Gonzalez testified that she did not know why she did not produce any
documents at the deposition. (Gonzalez, pg. 19, ln. 23-25)
7. Gonzalez testified that she does not have any documents. (Gonzalez, pg
21, ln. 17 though pg. 22, ln. 15)
8. Gonzalez claims she is the President of Hillshore Investment.
(Gonzalez, pg. 22, lns. 21-23)
9. Gonzalez did not know if Hillshore Investment invested nearly \$10
million in TW. (Gonzalez, pg 22, ln. 24 though pg. 23, ln. 1)
10. Gonzalez did not know how much money Hillshore Investment invested
in TW. (Gonzalez, pg 23, lns. 2-4)
11. Gonzalez does not have any duties or responsibilities as the President of
Hillshore. (Gonzalez, pg 23, lns. 11-13)

12. Gonzalez was not familiar with **Exhibit "22"**, an Agreement to Purchase Membership Interests (Gonzalez, pg. 23, ln. 19 through pg. 24, ln. 17)
13. Gonzalez testified that she is the General Manager of Hillshore as stated on **Exhibit "22."** (Gonzalez, pg. 24, lns. 10-25)
14. Gonzalez testified that she holds two positions at Hillshore -- President and General Manager. (Gonzalez, pg. 25, lns. 1-6)
15. She does not have any duties or responsibilities as the General Manager for Hillshore. (Gonzalez, pg. 25, lns. 7-9)
16. Gonzalez testified that she does not know if she has other job positions at Hillshore. (Gonzalez, pg. 25, lns. 10-15)
17. Gonzalez' signature appears on **Exhibit "22"**, but she does not remember signing the document, and she did not read the document before signing. (Gonzalez, pg. 25, lns. 16-25)
18. She does not know why she signed **Exhibit "22"** and she does not have a copy of the document. (Gonzalez, pg. 26, lns. 8-15)
19. Gonzalez does not know if Hillshore Investment has a copy of the Exhibit. (Gonzalez, pg. 26, lns. 12-15)
20. Gonzalez does not know if Hillshore has an office. (Gonzalez, pg. 16-18)
21. She does not remember how long she has been the President of Hillshore (Gonzalez, pg. 26, ln. 25 through pg. 27, ln. 3)
22. She has not walked into the offices of Hillshore Investment. (Gonzalez, pg. 27, lns. 4-6)

1 23. Gonzalez has a laptop computer at home but she does not have any ESI
2 regarding Hillshore Investment on it. (Gonzalez, pg. 27, lns. 9-12)

3 24. She does not have any documents regarding Hillshore whatsoever.
4 (Gonzalez, pg. 27, lns. 13-15)

5 25. Gonzalez claims she owns shares in Hillshore, but her attorney would
6 not allow her to provide the number of shares and she does not have a
7 Certificate of Shares. (Gonzalez, pg. 27, ln. 25 through pg. 28, ln. 13)

8 26. She does not have any documents indicating that she owns all the shares
9 of Hillshore. (Gonzalez, pg. 28, lns. 11-13)

10 27. Gonzalez does not know the telephone number of Hillshore. (Gonzalez,
11 pg. 28, lns. 18-20)

12 28. She does not know of any physical location of Hillshore Investments.
13 (Gonzalez, pg. 28, lns. 21-23)

14 29. She does nothing to operate Hillshore Investments. (Gonzalez, pg. 29,
15 lns. 14-19)

16 30. She does not know if Hillshore Investment has any business operations.
17 (Gonzalez, pg. 29, lns. 21-23)

18 **31. The only personal knowledge of any business operations she has is of**
19 **Thomas Wylde. (Gonzalez, pg. 29, ln. 23 through pg. 30, ln. 8)**

20 32. She does not know what Hillshore Investment does. (Gonzalez, pg. 31,
21 lns. 11-12)

22 33. However, Gonzalez then testified that she does not have any business
23 operations with Thomas Wylde. (Gonzalez, pg. 31, lns. 13-15)

- 1 34. Gonzalez does not know why Hillshore Investment invested money into
2 Thomas Wylde. (Gonzalez, pg. 31, lns. 16-18)
- 3 35. She did not make the decision to invest \$9.1 million into Thomas Wylde.
4 (Gonzalez, pg. 31, ln. 16-18)
- 5 36. She does not know whose decision it was to invest \$9.1 million into TW
6 (Gonzalez, pg. 31, lns. 22-23) , but then she testified that her husband
7 Stephen Choi made that decision. (Gonzalez, pg. 32, lns. 3-8)
- 8 37. She did not have any discussions with Choi regarding his decision to
9 invest in TW. (Gonzalez, pg. 32, 10-20)
- 10 38. Gonzalez does not know how many employees Hillshore Investment
11 currently has. (Gonzalez, pg. 35, lns. 7-9)
- 12 39. Gonzalez does not know the maximum number of employees it had
13 during its existence. (Gonzalez, pg. 35, ln. 11-13)
- 14 40. Gonzalez does not have any documents to prove Hillshore Investment
15 actually employs people. (Gonzalez, pg. 35, lns. 11-17)
- 16 41. The subpoena duces tecum requested 22 categories of documents to be
17 produced. (Gonzalez, pg. 36, ln. 17 though pg. 37, ln. 20)
- 18 42. Gonzalez did not produce and did not have any documents that were
19 subpoenaed, including: (a) bylaws of Hillshore; (b) articles of
20 incorporation; (c) minutes of board of directors from 2014 to the
21 present; (d) purchase agreement of TW by Hillshore; (e) physical
22 location of Hillshore; (f) business purpose of Hillshore; (g) advertising
23 for Hillshore; (h) organizational charts for Hillshore; (i) bank statements
24 reflecting transfer of money between accounts in the name of Hillshore
25
26
27
28

1 and Thomas Wylde; (j) documents regarding the physical location of
2 Hillshore, (k) the names, addresses, telephone numbers, e-mail addresses
3 of any agents, employees, directors and officers of Hillshore; (l)
4 documents related to the number of shares Hillshore issued; (m)
5 documents related to loans Hillshore made to TW; (n) documents related
6 to investments by Hillshore to TW; (o) documents regarding returns of
7 investments to TW. (Gonzalez, pg. 37, ln. 10 through pg. 44, ln. 3)
8
9 43. Other than herself, she does not know of shares being issued to anybody
10 else. (Gonzalez, pg. 44, lns. 16-23)
11
12 44. She did not know what Paula Thomas did at TW. (Gonzalez, pg. 47, lns.
13 7-23)
14
15 45. Gonzalez does not know if Hillshore has any bank accounts. (Gonzalez,
16 pg. 52, lns. 17-19)
17
18 46. Gonzalez was born in Venezuela and obtain a high school degree.
19 (Gonzalez, pg. 57, lns. 5-12)
20
21 47. Gonzalez was born on June 18, 1974. (Gonzalez, pg. 58, lns. 17-18)
22
23 48. At the time of her deposition, Gonzalez was 43 years old. (Gonzalez, pg.
24 58, lns. 17-18)
25
26 49. Her husband (Stephen Choi) created Hillshore Investment. (Gonzalez,
27 pg. 60, ln. 22 through pg. 61, ln. 5)
28
50. She did not know when Hillshore Investment was created. (Gonzalez,
pg. 61, lns. 6-13)

1 51. Gonzalez' work experience includes working at a bank out of high
2 school, selling phones, buying swim suits for sale, and working as a
3 waitress. (Gonzalez, pg. 59, ln. 6 though pg. 63, ln. 2)

4 52. From 2000 to the present (2017 at the time of her deposition), she has
5 been a stay at home mom. (Gonzalez, pg. 64, lns. 21-23)

6 53. She has not worked outside the home during that time. (Gonzalez, pg.
7 64, ln. 25 through pg. 65, ln. 1)

8 54. She has not worked for any business inside the home. (Gonzalez, pg. 65,
9 ln. 5-7)

10 55. Gonzalez does not have any education, background, training, work
11 experience to be a President of an investment company like Hillshore
12 Investment. (Gonzalez, pg. 66, lns. 4-8)

13 56. Gonzalez does not have any education, background, training, work
14 experience to be a General Manager of an investment company like
15 Hillshore Investment. (Gonzalez, pg. 66, lns. 9-13)

16 57. She learned from her husband that she was the President of Hillshore.
17 (Gonzalez, pg. 67, lns. 3-6)

18 58. She claims there is a document that states she is the President, but she
19 does not remember the document and she does not remember the last
20 time she saw it. (Gonzalez, pg. 67, lns. 7-13)

21 59. Gonzalez claims Hillshore was the only company for which she was a
22 President. (Gonzalez, pg. 74, lns. 1-4)

23 60. She is noted on **Exhibit 25** to be the President and Director
24 **BUCANOS ENTERPRISES** and the President and Founding Member
25
26
27
28

of the company **MAGNETIC BLUE INVESTMENT**

FOURNDAATION, but she has never utter those words. (Gonzalez, pg. 73, ln. 17 though pg. 75, ln. 7)

61. She does not know if she was the Presidents of those companies.
(Gonzalez, pg. 76, lns. 8-18)

62. She does not know that she was a President and Founding Member of
MAGNETIC BLUE INVESTMENT FOURNDATION. (Gonzalez, pg. 76, ln. 25 through 77, ln. 1)

63. Her brother is the Secretary of **MAGNETIC BLUE INVESTMENT**
FOURNDAATION but they have never talked about that company.
(Gonzalez, pg. 86, ln. 19 though pg. 87, ln. 4)

64. She did not tell anybody or write anything stating she was going to be
the President of **MAGNETIC BLUE INVESTMENT**
FOURNDAATION. (Gonzalez, pg. 87, ln. 23 through pg. 88, ln. 6)

65. John Wilson would not allow the witness to state what Stephen Choi
does for a living. (Gonzalez, pg. 91, ln. 23 - pg. 93, ln. 8)

66. She does not know if she ever caused any money to be transferred from a
bank account in the name of Hillshore Investment to a bank account in
the name of TW. (Gonzalez, pg. 95, lns. 13-17)

67. Gonzalez does not know if she ever caused money to be transferred
from Hillshore Investment, S.A. to any bank account in the United States
in the name of TW. (Gonzalez, pg. 95, ln. 23 through pg. 96, ln. 2)

1 68. As the alleged President for Hillshore, Gonzalez has never instructed
2 anybody to wire transfer from a bank account in Hillshore Investment,
3 S.A.'s name to TW. (Gonzalez pg. 96, lns. 6-12)

4 69. As the alleged General Manager for Hillshore, Gonzalez has never
5 instructed anybody to wire transfer from a bank account in Hillshore
6 Investment, S.A.'s name to TW. (Gonzalez pg. 97, lns. 15 through pg.
7 98, ln. 1)

8
9 70. Gonzalez has never seen **Exhibit "26"** (Certificate of Incorporation for
10 Hillshore Investment). (Gonzalez, pg. 98, lns. 13-20)

11 71. Gonzalez has never seen the Certificate of Incorporation as the President
12 and General Manager for Hillshore and she does not know what the
13 document is. (Gonzalez, pg. 98, ln. 25 through pg. 99, ln. 6)

14 72. Gonzalez was never involved in any activities or conversation or cause
15 anybody to get involved in any of the business purposes set forth in
16 **Exhibit "26."** (Gonzalez, pg. 98, ln. 17 through pg. 103, ln. 23)

17
18 73. Gonzalez never had any meetings as 100% Shareholder in Panama City
19 as required by **Exhibit "26."** (Gonzalez pg. 109, lns. 16-22)

20 74. There has never been a shareholder's meeting for Hillshore Investment.
21 (Gonzalez pg. 109, ln. 24 through pg. 110, ln. 10)

22 75. She does not know how many directors are on the board for Hillshore.
23 (Gonzalez, pg. 109, lns. 11-16)

24 76. Gonzalez does not understand the powers of the corporation for
25 Hillshore Investment. (Gonzalez, pg. 112, lns. 11-13)
26
27
28

77. Gonzalez does not know who the officers of Hillshore Investment are.

(Gonzalez, pg. 112, lns. 11-14)

78. Gonzalez never voted for officers or directors as the 100% shareholder of Hillshore Investment. (Gonzalez, pg. 115, lns. 6-9)

79. She does not know if Hillshore Investment made any type of loans to Thomas Wylde. (Gonzalez, pg. 118, lns. 9-12)

80. She does not know the difference between a loan and an investment. (Gonzalez, pg. 118, lns. 13-19)

81. Her attorney would not allow Gonzalez to provide her understanding of the relationship between TW and Hillshore. (Gonzalez, pg. 118, ln. 21 through pg. 120, 15)

82. She has never seen the Operating Agreement for TW. (Gonzalez, pg. 126, ln. 25 through pg. 126, ln. 13)

F. Richard Peddie Gave PDTW the Five Computers and Six iPads Containing Irrelevant Information and Irrelevant QuickBooks Data that PDTW will NOT Produce in Discovery -- Evidence of Collusion

17. Ed Smith describe the number of computers used at PDTW in the early years as MAC and iPads, but the number of computers purchased over the years reached 40. As of April 15, 2015 there were approximately 30 computers and three servers at PDTW/TW, but as of December 2017 there were only 18 computers. Now, the ESI is stored in an Amazon Cloud under the control of Jene Park. PDTW allegedly had the ESI imaged and copied from the five MAC computers, but it has not distributed copies of that ESI to prove the ESI is irrelevant. PDTW preserved the five

MAC computers and iPads containing information and ESI regarding PDTW in the early years, not the computers that existed in 2016 and up to December 2017 regarding 2012 to 2017. **Exhibit "20"** is a true and correct copy of the pages to Ed Smith's deposition testimony supporting this summary.

G. 1839 Pages of E-mails Larry Simons Produced at His Deposition on May 2, 2018 Representing Communications between Peddie and Simons/Zamora -- Evidence of Collusion to Initiate Adversary Proceedings

18.. Larry Simons did produce e-mails, but not all (some were deleted), exchanged between Peddie, Zamora and Simons. **Exhibit "10"** is an exchange between Peddie and Zamora (when Paula Thomas is a Creditor) in which Zamora thanks Peddie for his legal analysis and she will forward Peddie's legal analysis to the accountant retained by PDTW. **Exhibit "6"** is the June 10, 2017 e-mail from Peddie to Zamora stating:

So what do you want to do? We claim to have had every right to sell what we sold pre-petition as self-help. Don't forget that Paula Thomas just delivered into TW's hands EVERYTHING in 2014 because she knew the deal and she and PDTW were enjoying all of this debt relief and she knew that TW would be the new company and PDTW would never be able to pay it back completely.

Thus, just a reminder and a preview: (a) We agreed the estate could take and sell everything contingent upon it recognizing that we claim an interest in that stuff but agree we can argue about the money later; and (b) we are not terribly interested in "settling" the state

court litigation as we have cross-claims for the debts, etc., that

completely swallow those claims up. (Emphasis added)

Unless you can show that we have hidden goods or that we have not
credited PDTW for large amounts of inventory sold pre-petition, etc.,

I would suggest that we just work together to put together something
that will convince the judge that there is not much there. And look

out, because our dear Mr. Biller has now claimed there are 10,000 items,
and nobody seems to remember that we've given all we've got to you
already and it's all at the auctioneer's . . . (Emphasis added)

And watch out for this other about-face we're seeing: After approving
the auctioneer and offering to be helpful and all of that -- and you've
got me and Paula Thomas on the record on March 30 talking about
that, with me suggesting that Paula Thomas might need more time to
prepare for the hearings, especially if she's going to be helping the
auctioneer as proposed, etc. -- now Paula Thomas will be objecting to
the auctioneer under the "it's a fire sale" argument -- to which I
think you've already basically said, "Yes, but it's a bankruptcy, so
what do you expect?" You're going to need to keep doing that, and
let me know how I can help. (Emphasis added)

19. Richard Peddie repeatedly hood winked PDTW into filing an
adversary proceeding/complaint. Richard Peddie stated in his July 9, 2017 e-
mail:

1 "And yes, I think the thing to do would be to hit Paula Thomas with an
2 adversarial proceeding to establish the amount of her debt. We have
3 to knock some sense into her counsel somehow." (Emphasis added)

4 20. Exhibit "9" is a true and correct copy of the July 9, 2017 e-mail
5 that Peddie wrote to Zamora; I received this e-mail in the ordinary course of my
6 law practice and I have maintained it in a safe and secure place as part of my
7 regular business practice. On July 19, 2017 (60 days before the adversarial
8 complaint is filed) Richard Peddie states in another e-mail to Zamora:
9

10 So, will the Trustee bring adversarial proceedings over the archives
11 plus the PT debt to Debtor, plus also, if deemed advantageous, this
12 nonsense re PDTW's debts to PT for bogus independent contractor
13 services rendered by PT to PDTW while she was the salaried, CEO
14 and majority member? I just can't see anything short of the nuke being
15 appropriate in these circumstances, and I cannot see that anyone but
16 Trustee should initiate that battle. (Emphasis added)
17

18 21. Exhibit "9" is a true and correct copy of the July 19, 2017 e-mail
19 quoted above. I received this Exhibit in the ordinary course of my business and
20 I have maintained a copy of this e-mail in a safe and secure place as is my
21 regular business practice.
22

23 22. PDTW did not object to TW renewing the THOMAS WYLDE
24 trademark to cover garments under Thomas Wylde, LLC name. On November
25 18, 2017, after the adversarial complaint and the *12(b)(6) Motion to Dismiss*
26 was filed, Richard Peddie wrote to Zamora:
27
28

1 As you know, some months ago we took preemptive action to renew
2 the THOMAS WYLDE trademark covering garments. We did so
3 even though there exists a dispute as to the ownership of the mark: It
4 served no one to allow the registration to lapse, could have brought
5 that asset value down a bit, etc.

6 This is something different: We have, pending, an application to register
7 the mark THOMAS WYLDE in classes involving eyewear products and
8 body care products. This was an "Intent to Use" application. Thus,
9 the USPTO cleared it, published it for opposition, etc., but it cannot be
10 registered until actual use is proven.

12 As you may know, a lawsuit was filed by SAMA Eyewear against TW
13 and was set to go to trial on Nov. 7. Fortunately, that case settled on Nov.
14 5, but we have no real eyewear line to speak of, and production was
15 all based upon a trademark licensing agreement -- and you can see where
16 that ended up. Prototypes samples had been created, but these were
17 owned by SAMA. They were worn by models at fashion shows;
18 the glasses were shown in ads we took out in Paris Vogue; we promoted
19 the eyewear line on social media; and there were perhaps even minimal,
20 liquidating sales of those prototypes by SAMA (maybe). I don't think
21 there was any actual production. There certainly weren't any royalties
22 paid over to TW. In sum, it's dead in the water. Nor do we have anybody
23 care products. Thus, we do not feel we can establish use in either
24 case. The ITU extension we obtained just to keep this alive is attached.
25 You will see that it is about to run out.

1 I provide this to you in case you disagree and so that you can take
2 whatever protective action you deem necessary. We appear as the
3 applicant, just as we appear as the owner of the THOMAS WYLDE
4 garment class registration, so any action would have to be done through
5 us (at least if it is to be done quickly and efficiently), but we will certainly
6 work with you. However, I suspect you'll agree that this is just dead in the
7 water.

8
9 22. Renewing the Trademark **THOMAS WYLDE** in TW's name as
10 the owner is completely inconsistent with PDTW claiming it owned the
11 trademark as alleged in the Complaint, opposition to the *Rule 11 Motion* for
12 Sanctions, Opposition to the Motion for Partial Summary Judgment and
13 PDTW's Motion for Summary Judgment. If PDTW believed it owns the
14 trademark THOMAS WYLDE, then it could have registered it in its name, or
15 bring the issue up for the Court to address. **Exhibit "11"** is a true and correct
16 copy of the above quoted e-mail.
17

18 **H. E-Mails From Greenberg Glusker Proving Peddie and Park had a**
19 **Attorney Client Relationship Before TW, LLC Was Established**

20
21 23. Before TW, LLC was created, Jene Park and Richard Peddie had a very
22 personal and professional relationship. *See* Declaration of David Fuchs, **Exhibit**
23 **"21."** However, Richard Peddie was representing Jene Park in negotiations with
24 counsel for PDTW and TW Holding, LLC regarding her percentage of ownership in
25 the NewCo. ("TW"). **Exhibits "22"** and **"23"** are true and correct copies of e-mails I
26 obtained from Greenberg Glusker in July 2018 after demanding such documents since
27 June 2017. Andrew Apfelberg represented PDTW and TW Holding at that I received
28

1 in the ordinary course of my law practice and I have kept the original in a safe and
2 secure place as is my regular business practice June 2014.

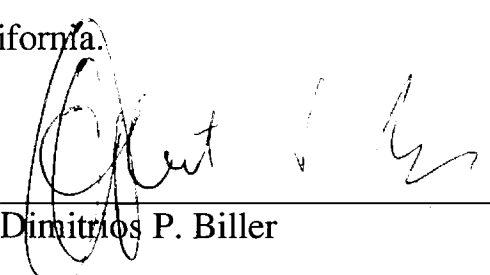
3 **I. More Evidence of Collusion Evidenced By the Coordinated Filing of**
4 **Motions for Protective Order and Emergency Ex Parte Applications**
5 **for Protective Order With Producing no Documents**

6 22. Every time Paula Thomas sought discovery from PDTW, TW, and third
7 parties in this litigation, the targets of the discovery used the same litigation tactics
8 that was the brain child of Richard Peddie: file motions for protective order and do
9 NOT produce any documents. In the meantime, PDTW and TW have not sought any
10 discovery from Paula Thomas.
11

12 23. **Exhibit "29"** are true and correct copies of the e-mails that I exchanged
13 with PDTW's counsel, Reagan Boyce, regarding the Joint Stipulation.
14

15 30. **Exhibit "30"** is a true and correct copy of the incomplete Joint
16 Stipulation that I received from Reagan Boyce on September 11, 2018 -- the last day
17 to return the document so I did not have any time to revise and Reagan Boyce refused
18 to send me "word" copy of the Stipulation.

19 24. I, Dimitrios P. Biller, declare under penalty of perjury under the laws of
20 the United States that the forgoing is true and correct. I executed this Declaration on
21 September 17, 2018 in Pacific Palisades, California.
22

23
24 
25 Dimitrios P. Biller
26
27
28

PROOF OF SERVICE
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

I declare under penalty of perjury that I live in the County of Los Angeles, state of California, I am over the age of 18 years; my business is located at 15113 West Sunset Blvd., Suite "9", Pacific Palisades, CA 90272. On **September 18, 2018**, I caused to be served, via e-mail, the following pleadings:

Declaration of Dimitrios P. Biller in Support the Paula Thomas' Motion to Compel and Termination Sanctions/Order dismissing Adversarial Proceedings

Richard Byron Peddie,
lawstudios@comcast.net
Lawstudios Richard Bryon Peddie
5105 Euclid Avenue
Boulder, Co 80303-2811
e-mail: lawstudios@comcast.net
Counsel for ALL Thomas Wylde, LLC

Reagan Boyce
David Seror
Brutzkus Gubner Rozansky Seror Weber LLP
21650 Oxnard St., Suite 500
Woodland Hills, CA 91367-4911

XXX BY MAIL – I placed such envelope for deposit in the U.S. Mail for service by the United States Postal service, with postage thereon fully prepaid. I am "readily familiar" with the practice of collection and processing correspondence for mailing. Under that practice, it would be deposited with the United States Postal Service on that same day with postage thereon fully prepaid at Pacific Palisades, California. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing in affidavit.

____ BY FEDERAL EXPRESS – I am familiar with the practice at my place of business for collection and processing of correspondence for overnight delivery maintained by Federal Express. Such correspondence will be deposited with a facility

1 regularly maintained by Federal Express for receipt on the same day in the ordinary
2 course of business. The envelope was sealed and placed for collection and delivery by
3 Federal Express with delivery fees paid or provided for in accordance with ordinary
4 business practices.

5 BY PERSONAL SERVICE – I caused such envelope to be delivered by hand to
6 the offices of the addressee.

7 **XXX**: E-mail at the above e-mail addresses.

8 **XXX** (State) I declare **under penalty of perjury under the laws of the State of**
9 **California** that the foregoing is true and correct.

10 Executed on **September 18, 2018**, at Pacific Palisades, California.

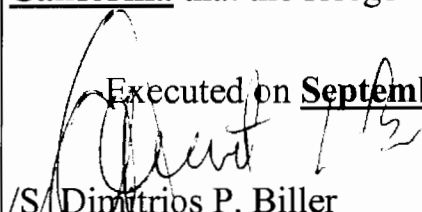
11 
12 /S/ Dimitrios P. Biller
13 Dimitrios P. Biller
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28

EXHIBIT "22"

Re: introduction

From: Richard <lawstudios@comcast.net>
To: "Apfelberg, Andrew M." <aapfelberg@greenbergglusker.com>
Cc: Jene Park <jene@thomaswylde.com>
Date: Wed, 04 Jun 2014 09:19:23 -0700

Hi Andrew,

Richard Peddie writing.

We should talk soon, obviously, but I wanted to give you a preview of my initial concerns:

Jene has been involved with the company for over eight years and, as far as we are concerned, by rights is already a 10% owner of the company, for that is what she was promised long ago. And by "company" I mean all that Jen worked so hard to build, wherever any asset may now reside and whatever reorganizations there may have been.

Keep in mind that, above and beyond her efforts, Jene has personally guaranteed company debt in the amount of \$1.6M. This is not the gesture of a mere employee; nor is it really something a mere 10% owner would jump in and do in many cases: It is more like something a full 50% partner would do.

It is my understanding that the IP has migrated out of PDTW and is either in a new company or held by Paula directly. This largely eviscerates PDTW of whatever value it may have, and may prove problematic eventually should other creditors -- secured or unsecured -- find it necessary to pursue PDTW.

The warrant you prepared is fairly straightforward. I can see you were trying to be fair and all of that, and you certainly have your marching orders. However, the bottom line is that the warrant gives Jene the option to acquire 10% of something that is already beleaguered with debt and is, apparently, fairly hulled out, once it is considered that the IP is elsewhere.

10% was promised long ago and should be acknowledged or even increased, given that Jene is now liable on the debt, and it should be a significant percentage of the *real business* however it is configured, with all of its working parts.

Jene needs to make career decisions. If even what was promised long ago will not be acknowledged, or if it is only superficially acknowledged by granting a small percentage in something that no longer has, within it, that which is important, and that which Jene was central in building, we need to know it: In that event, we are all just wasting our time.

I remain delighted by the opportunity to make your acquaintance by telephone. Jene speaks very highly of you. I will call shortly to discuss.

Thanks!

Richard Byron Peddie

From: "Andrew M. Apfelberg" <aapfelberg@greenbergglusker.com>
To: "Jene Park" <jene@thomaswylde.com>, "Richard" <lawstudios@comcast.net>
Sent: Monday, June 2, 2014 6:55:20 PM
Subject: RE: introduction

Richard, I look forward to talking with you.

Best,
Andrew

Andrew M. Apfelberg | Attorney at Law | Biography
D: 310.201.7408 | F: 310.201.2310 | AApfelberg@greenbergglusker.com
Greenberg Glusker Fields Claman & Machtinger LLP
1900 Avenue of the Stars, 21st Floor, Los Angeles, CA 90067
O: 310.553.3610 | GreenbergGlusker.com

IRS Circular 230 Disclosure:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax related penalties under the Internal Revenue Code, or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

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From: Jene Park [<mailto:jene@thomaswylde.com>]
Sent: Monday, June 02, 2014 3:51 PM
To: Apfelberg, Andrew M.; Richard
Subject: introduction

Hi Andrew,

I would like to introduce Richard my business attorney. Richard will give you a call to further discuss about my situation regarding Thomas Wylde ownership.

Hi Richard,

Please find Andrew's info as blow:

Andrew M. Apfelberg
Greenberg Glusker
310.553.3610
www.greenbergglusker.com

Kindest,

Jene Park
Chief Operating Officer

THOMAS WYLDE
www.thomaswylde.com

EXHIBIT "23"

Re: introduction

From: Richard <lawstudios@comcast.net>
To: "Apfelberg, Andrew M." <aapfelberg@greenbergglusker.com>
Cc: Jene Park <jene@thomaswylde.com>
Date: Fri, 06 Jun 2014 10:27:16 -0700

Andrew,

Thanks for taking the time to speak with me the other day. I later spoke with David to clarify the history of the trademark and have had additional discussions with Jene.

While you have corrected my understanding of the extent to which the company is "guttled", please understand that, from our point of view, the trademark is the company and the company is the trademark. I am told that the license is terminable for any reason or no reason within 30 days. That is very little security for Jene.

I understand why the trademark now resides in Thomas Wylde Holdings, LLC -- it is to secure the loan. But that loan is guaranteed by Jene.

You say that TWH receives only nominal income from PDTW. But we are not concerned with that: We are concerned with the mark and its value. That there are inconsequential royalties flowing from PDTW to TWH does not alter the fact that the thing with ever increasing value -- the mark -- resides within TWH -- and that value is directly linked to the success of PDTW, where Jene expends her efforts.

I am told that PDTW has spent approximately \$13M in building and protecting that mark, with well over \$2M spent in settling ownership of it, but the major long-term benefit of such expenditures will inure to the benefit of the person or entity owning the mark. In no way do I suggest that there is anything wrong with how any of this has been handled; I do, however, maintain that if Jene does not participate in the appreciation of mark value, she is missing the main attraction. Surely you are not suggesting that under any criteria PDTW does not suffer a tremendous devaluation if it does not have the use of its mark locked down completely.

Jene has worked for many years to build the value of this mark. She has lent considerable sums to PDTW and has even co-signed on this \$1.6M loan which directly benefits TWH. She has been Paula's companion along this road, sharing the risk, and going above and beyond the call of duty with every form of sacrifice. And a continuation of that is quite obviously what is expected, given that the warrant itself terminates automatically should she accept any form of outside work. We cannot invite her in for all the risk and work and yet shove her out into the cold when it comes time to enjoy the fruits of all of this -- the ultimate fruits.

Yes, I can educate my client. Jene will make the ultimate decision, but I cannot tell her that all is well and that not having at least an indirect interest in the mark is "no big deal" under the circumstances. She herself raises some very valid concerns in addition to those we have discussed.

This isn't what Jene expected. We will need to work something out -- or, better yet, Paula and Jene will need to work something out that we later set down.

Thanks!

RBP

From: "Andrew M. Apfelberg" <aapfelberg@greenbergglusker.com>
To: "Jene Park" <jene@thomaswylde.com>, "Richard" <lawstudios@comcast.net>
Sent: Monday, June 2, 2014 6:55:20 PM
Subject: RE: introduction

Richard, I look forward to talking with you.

Best,
Andrew

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O: 310.553.3610 | GreenbergGlusker.com

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From: Jene Park [mailto:jene@thomaswylde.com]
Sent: Monday, June 02, 2014 3:51 PM
To: Apfelberg, Andrew M.; Richard
Subject: introduction

Hi Andrew,

I would like to introduce Richard my business attorney. Richard will give you a call to further discuss about my situation regarding Thomas Wylde ownership.

Hi Richard,

Please find Andrew's info as blow:

Andrew M. Apfelberg
Greenberg Glusker
310.553.3610
www.greenbergglusker.com

Kindest,

Jene Park
Chief Operating Officer

THOMAS WYLDE
www.thomaswylde.com

EXHIBIT "24"

7/6/2017 10:05:11 AM

Re draft reply

Nancy,

Thanks for sharing the draft reply Just a few suggestions/edits:

2 23 "Thoms" should be "Thomas"

3 20 yes, disinterested person, but also NOT an auctioneer with expertise liquidating things in the timeframes required by bankruptcy. Consider adding something RBP LATER: I think you covered this further down.

9 27 -- probably not terribly important, but you use "La Brea Storage" for the first time but then define it on the next page Consider bringing the defining part up to the first use, or just skip it if you don't have time: We'll all "get it" . . .

p. 10 -- can you add something about Thomas' consent and offer to assist in the inventory process and in marketing? So to tie in her consent to and approval of the auctioneer and the sale . . . RBP LATER: I guess this was covered in the original motion, but consider emphasizing it at this point.

10:27 -- you can add here, even just as a footnote, that on p. 6 of the Response Thomas was jumping up and down that Trustee had not taken possession . . . and now is threatening you for having done so . . .

11:7 -- you could add that this property apparently consists of certain garment-making forms, an oval table, and some older electronic equipment consisting of perhaps a few computers and perhaps some Apple hand held devices -- none of it considered to be terribly valuable.

11:22 add a paragraph? Something like:

Moreover, an examination of Debtor's 2014 tax return indicates that Thomas owes Debtor money for officer advances that may exceed \$170,000.00. Thomas has confessed to owing at least \$129,901.69: Section 341 hearings were held on August 14, September 7, and October 11, 2016. DKT. NOS. 4, 14 & 24. At her Sept. 7 hearing, Thomas conceded that she owed \$125,000.00 to Debtor for monies borrowed in 2011. See Exhibit XXX -- annexed and incorporated -- excerpt from transcript from Sec. 341 hearing held on Sept. 7, 2016 -- at 16:6-14. In the schedules, Thomas admits to having borrowed an additional \$4,901.69 from Debtor pre-petition. Thus, between the schedules and her Sec. 341 testimony alone, THOMAS has thus far admitted to owing at least \$129,901.69 to Debtor. And Trustee's review of the accounting suggests that Thomas reclassified various personal expenses paid for by Debtor, moving them out of the "advances to officer" category where her debt to Debtor is tracked, and reclassifying them as company expense. This raises very troubling issues concerning fraud not only here but also in the form of income tax evasion. Investigation into these fraudulent reclassifications is ongoing, but the current amount of such reclassifications is believed to exceed \$40,000.00. Trustee has made various demands upon Thomas for payment of her debt to Debtor, but these have gone unanswered, and indeed, much of the agitation and vexatious argument we see at this point may well be attributable to a desperate attempt to get away from this liability.

LET ME KNOW WHAT YOU MAY WANT TO SUBSTANTIATE THAT

14:18 -- perhaps a footnote -- "And, prior to that date, TW agreed, as an accommodation, to continue storing goods, and in fact paid for the ongoing storage of such goods at the various locations. As we have seen, certain objects weighed 3,000 lbs. each. The Personal Property occupied considerable space and the estate had not yet generated any money whatsoever to pay for any storage.

[I JUST WANT TO GET AWAY FROM THIS ARGUMENT THAT WE ARE TO BE VILIFIED FOR STORING THIS STUFF . . .]

15:22 consider adding. But the July 2017 Emails were foreshadowed by earlier menacing e-mails. For example, when Trustee's Counsel, together with TW's counsel, copied Debtor on certain filings, as they must under the Local Rules -- see LOCAL BANKRUPTCY RULE 9013-1(d)(1) -- each received the attached rambling, menacing e-mail accusing them of having violated not only the ethical rules, but of having committed the crime of intimidating a witness, and congratulating each upon having made Biller's "witness list". See Biller's June 11, 2017 e-mail to Trustee's Counsel and TW's counsel.

16:9 -- are four claims being heard in August? I thought only three were set to be heard . . . Thomas' claim, the Schiffman related claim, and TW's claim no. 10.

20:28 it's Claim No. 9.

21:24 change "Action" to "Auction"

22:5 add a period at end.

22:5 perhaps add something like "While Thomas complains that Auctioneer has no direct experience in high end fashion, this too is irrelevant: All that will be necessary is that the sale be marketed widely to those in the fashion industry to ensure price pressure. Thomas remains free to inform anyone she wants to about the sale."

23:17 we compromised ourselves in delivering the property to Trustee. Can we have the abandonment language instead say "or to any secured party."?

From: zamora3@aol.com
To: "lawstudios" <lawstudios@comcast.net>
Sent: Thursday, July 6, 2017 2:59:48 AM
Subject: draft reply

TR000903

EXHIBIT "25"

Rafols is an account, graduated in bachelor of accountancy in the philippines, took the board I the Philippines and practiced as a CAP. (pg. 15, ln. 22 – pg. 16, 6)

Rafols worked for Fashion House starting in 2003 as an accountant and she left that position in 2008. (pg. 17, lns. 1-12)

She then started to privately consult, and she continues to do that work, before taking a job at TW (pg. 19, ln. 19 pg. 20, ln. 6)

John Hanna was the CEO at TW. (pg. 20, lns. 7-10)

She worked independently from 2009 to the present but worked for TW starting in July 2014. (pg. 21, lns. 8-14)

John Hanna brought Rafols to TW. (pg. 22, lns. 1-6) She worked with John Hanna for five years at Fashion House where he was he CEO and that company went bankrupt. (pg. 23, lns. 7-17)

Rafols left TW in June 2016 and she worked at TW for two years. (pg. 24, ln. 24 to pg. 25, ln. 8)

TW is in bad financial position today. (pg. 23, lns. 18-21)

TW is planning to file for bankruptcy. (pg. 23, ln. 23 though pg. 23, ln. 2)

She overhears a discussion between David Schnider and John Hanna about TW filing for bankruptcy, but Richard Peddie would not allow the witness to testify about the discussion. (pg. 25, ln. 9 through pg. 27, ln. 6)

She had personal knowledge of the financial state of Thomas Wylde as late as June 2016. (pg. 29, lns. 22-25)

She was the Financial Controller and in charge of Human Resources at TW. (pg. 30, lns. 1-40)

As the Financial Controller for TW, Rafols duties between 2014 and 2016 was to oversee the financials, the bank accounts, and reporting and coordination with management and budget. She handled the QuickBooks by taking information off on other sources (expenses and revenues) and inputting the data in the QuickBooks software program. QuickBooks data has three sources of information and is only as accurate as the information inputted. (pg. 37, ln. 2 – pg. 38, ln.21)

She verified investments by Hillshore by getting information bank she believes \$9.1 to \$9.5 was invested in TW/Choi. (pg. 40, ln. 3 – 13)

The loan amounts are determined by the promissory notes. (pg. 40, lns. 19-25)

Exhibit “65” is a schedule from QuickBooks. (pg. 41, lns. 12-19) Rafols made the entries on August 26, 2014 for \$600,000, September 18, 2014 for \$350,000, October 14, 2014 for \$350,0000 and November 13, 2014 for \$500,000.00, and December 2014 for \$500,000. (pg. 42, lns. 2-25)

These loans were reclassified from loans to equity in the amount of \$2.3 by December 31, 2014. (Pg. 43, lns. 16) When there is a loan converted to equity there is a legal document. (pg. 45, ln. 16- pg. 46, ln. 21)

The \$2.3 was invested or loaned to TW over the course of five months and TW actually received the money. (pg. 50, 16 – pg. 51, ln. 5)

It is important to PT that she know \$2.3 million was received by TW and it was a material fact to know. (pg. 51, lns. 14-23)

Exhibit “66” is the Agreement to Purchase Membership Interest with an effective date of November 5, 2017 giving Hillshore 3,300 additional units and Hillshore investing \$3,500,013.00 at \$1,060.61 per unit. (pg. 53, ln. 9 – 23)

Exhibit “67” is the payment schedule attached to Exhibit “66” but the numbers on the Purchase Agreement are inconsistent with the numbers on the Schedule; the Purchase Agreement stated \$3,500,000. 00 but the schedule states \$2 million (pg. 54, ln. 5 – pg. 55, ln. 56, ln. 16)

The company should have bank slip and backup documents for the investments. (pg.58, 17 – 59, 6)

QuickBooks can be easily manipulated to give false information and reports by entering the wrong data. (pg. 38, lns. 19-24)

Any changes to QuickBooks would change the financial statements (Profit & Loss and Balance Sheet). (pg. 63, lns. 11-16)

Exhibit “65” does not have any entries for money received by TW in 2015. (pg. 59, 11 – 60, ln. 7)

Backup data is required to verify QuickBooks. (pg. 65, ln. 1-11)

The backup documents are needed to do an audit of QuickBooks. (pg. 9-21)

Rafols prepared Exhibit “68”, transmittal form sent to Paula about the notice of issuance of new membership; she created this document and assembled all the documents attached in the regular course of business. (pg. 67, ln. 24 – pg. 68, ln. 22)

As a member of TW, PT has a say regarding anything that affects the finances of the company. (pg. 70, lns. 18-24)

QuickBooks needs to be verified with the actual back up documents. (pg. 74, lns. 11-15)

The back-up documents were stored in folders at TW and should be in TW possession. (pg. 75, ln. 1-9) This material should not be destroyed because it is important and the IRS requires that the documents be stored for seven years. (pg. 75, lns. 2-15)

If TW does not have the back-up documents for seven years that would be a violation of the IRS regulations. (pg. 76, ln.2-8)

The backup materials for TW were located at TW in Rafols' drawer. (pg. 78, 18-25)

There was a filing cabinet in the back (several) in her office and a drawer on the table; the documents did not go back seven years. (pg. 78, ln. 22 – pg. 79, ln. 10)

The backup materials were in her office, but they moved and she does not know where the documents are located now. (pg. 79, ln. 13-23)

As of June 2016, the documents were in her office. (pg. 80, lns.3-5)

She maintained bank statements by down loading them on line and they would be put in the TW folder in her computer. (pg. 81, lns. 7-16)

Rafols maintained folders name “financials”; “AP”; “accounts payable; accounts receivable and stored bank statements invoices received on line and the electronic folders still existed when she left in June 2016. (pg. 81, 20 – pg. 82, ln.6)

Rafols could easily transfer all the documents to a flash drive and transfer folders. (pg. 82, ln. 10-25)

It is not burdensome to transfer documents. (Pg. 83, ln. 1-8)

As a member and owner of the company Paula Thomas is allowed to inspect those documents. (pg. 83, ln. 18-23)

She had separate electronic folders for pdf/word document and separate e-mail folder for e-mail regarding Thomas. (pg. 86, lns. 14-24)

When she left in June 2016, the electronic folder and e-mail folders were still in existence. (pg. 87, lns. 5-8)

These materials were not produced at her deposition and Peddie said “we” can discuss this. (pg. 87, lns. 9-22)

The financial condition at TW required the salaries to be cut by 1/3 as reflected in Exhibit “70.” (pg. 88, ln. 17, pg. 89, ln. 1)

Paula Thomas’ payment cycle was once a month at the beginning of the month. (pg. 88, ln.21 – pg. 89, 17)

Exhibit “72” is the Third Amended Exhibit B”/Members and Contributions November 15, 2015. (pg. 95, ln. 4-17)

Exhibit “72” reflects Hillshore’s capital investment of \$9,000,013 and that money was at TW. (pg. 98, 2-9)

Exhibit “73” is the 2015 tax return for TW and she sent the materials to the accountant to prepare the returns. (pg. 98, ln. 14 – pg. 99, ln. 3)

Exhibit “72” indicates that Hillshore invested \$ 9 million by November 15, 2015. (pg. 99, 21-24)

The ordinary business loss for TW in 2015 was \$4.6 million. (pg. 99, ln. 25 – pg. 100, ln.3)

The ordinary income was -\$4,613,388.83 and it was operating at a loss in 2015. (Pg. 100, lns. 11-21)

As of December 31, 2015, there was only \$7,504,813 identified as capital contribution for TW. (pg. 104, lns. 20-23)

That figure is inconsistent with Exhibit “65” showing Hillshore made a \$9,000,013 capital contribution for 3390 units. (pg. 104, 20 – pg. 105, 21)

Exhibit “73” 2015 tax returns, “65” Account Transaction, and 68 membership contributions show three different numbers of capital contribution in 2015: zero, 9,000,013 and \$7,504,813. (pg. 103, ln. 10 – pg. 105, ln. 21)

She did not have an explanation for the inconsistency. (pg. 105, ln. 22 – pg. 106, ln. 1)

After this testimony Peddie attempting to change witnesses testimony by point to documents. (pg. 106, ln. 13 – pg. 107, 109, 5)

An audit or review has to be done to figure out the inconsistencies. (pg. 109, ln.7 – ln. 7 – pg. 110, ln. 5)

Once there is a check in the data in QuickBooks then an analysis of QuickBooks can be done to fine the inconsistency. (pg. 110, ln. 9-16)

Peddie distracted the witness when he point to the document. (pg. 113, ln.116-24)

Exhibit “74” is the 2014 income tax return for TW. (117, ln. 16 – 25) It indicates that the investments in TW for 2014 was \$700. (pg. 118, lns. 2-20)

Exhibit “75” is the 2014 tax return for TW. (pg. 124, lns. 19)

Exhibit “74” shows Hillshore made \$4.3 million in loans to TW in 2014. (pg. 127, ln. 18 – pg. 129, ln. 9)

Exhibit is an QuickBooks report showing expense TW made for PDTW in the amount of \$4.4 million in 2014. (pg. 128, ln. 9 – pg. 22)

Exhibit “75” shows \$4.4 was paid to vendors on behalf of TW (pg. 129, ln.12 – pg. 130, ln.5)

Exhibit “75” is a balance sheet account/liability account indicating what TW and PDTW owe each other. (pg. 131, lns. 11-25)

The PDTW data in QuickBooks was not transferred to the TW QuickBooks and all the debt was left with PDTW while TW stated with a clean slate. (pg. 133, ln. 21-pg. 134, ln. 14) TW did not have an obligation to pay any loans owed by PDTW. (pg. 134, lns.15-25)

TW took the assets of PDTW an sold its clothes (pg. 135, ln. 17-20)

The clothes that PDTW had were sold and invoiced to PDTW. (pg. 137, pg. 13 -pg. 138, ln. 1)

There should be \$9.1 million contributed by November 15, 2015, but the 2015 tax returns only shows 7.7 million as contributions. (pg. 155, ln. 13- pg. 156, ln. 5)

1 CALIFORNIA SUPERIOR COURT OF THE STATE OF CALIFORNIA
2 COUNTY OF LOS ANGELES, CENTRAL DISTRICT
3

4 PAULA THOMAS, INDIVIDUALLY)
AND IN THE RIGHT OF AND FOR)
5 THE BENEFIT OF THOMAS WYLDE,)
LLC, A CALIFORNIA LIMITED)
6 LIABILITY COMPANY, AND PDTW)
[PAULA DOROTHY THOMAS WYLDE],)
7 LLC, A CALIFORNIA LIMITED)
COMPANY,)

8)
Plaintiffs,)

9)
vs.)

Case No.: BC596495

10)
THOMAS WYLDE, LLC, A)
11 CALIFORNIA LIMITED LIABILITY)
COMPANY, JOHN HANNA, AN)
12 INDIVIDUAL, JENE PARK, AN)
INDIVIDUAL, SHOT IN THE)
13 ARMOIRE, LLC, A FLORIDA)
LIMITED LIABILITY COMPANY, AND)
14 H&H FASHION, LLC, A FLORIDA)
LIMITED LIABILITY COMPANY,)
15 AND DOES 1 THROUGH 50,)

16)
Defendants.)

17)

18 DEPOSITION OF MELDY RAFOLS
19 Los Angeles, California
20 Friday, August 18, 2017
21

22 Reported by:
Damon M. LeBlanc
23 CSR No. 11958
Job No. 2679975
24
25

1 CALIFORNIA SUPERIOR COURT OF THE STATE OF CALIFORNIA
2 COUNTY OF LOS ANGELES, CENTRAL DISTRICT
3

4 PAULA THOMAS, INDIVIDUALLY)
AND IN THE RIGHT OF AND FOR)
5 THE BENEFIT OF THOMAS WYLDE,)
LLC, A CALIFORNIA LIMITED)
6 LIABILITY COMPANY, AND PDTW)
[PAULA DOROTHY THOMAS WYLDE],)
7 LLC, A CALIFORNIA LIMITED)
COMPANY,)

8)
Plaintiffs,)

9)

10 vs.) Case No.: BC596495

11)

THOMAS WYLDE, LLC, A)

12 CALIFORNIA LIMITED LIABILITY)

COMPANY, JOHN HANNA, AN)

13 INDIVIDUAL, JENE PARK, AN)

INDIVIDUAL, SHOT IN THE)

14 ARMOIRE, LLC, A FLORIDA)

LIMITED LIABILITY COMPANY, AND)

15 H&H FASHION, LLC, A FLORIDA)

LIMITED LIABILITY COMPANY,)

16 AND DOES 1 THROUGH 50,)

)

Defendants.)

)

17
18 Deposition of MELDY RAFOLS, taken on behalf
19 of the Plaintiff, at 2049 Century Park East,
20 Suite 2400, Los Angeles, California, beginning at
21 8:43 a.m. and ending at 12:20 p.m., Friday,
22 August 18, 2017, before Damon M. LeBlanc, Certified
23 Shorthand Reporter, Number 11958.
24
25

1 APPEARANCES:

2 For the Plaintiffs:

3 DT CONSULTING, INC.

By: Dimitrios P. Biller, Esq.

4 15113 West Sunset Boulevard

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5 Pacific Palisades, California 90272

Telephone: 310-459-9870

6 E-mail: biller_idtconsulting@verizon.net

7 For the Defendants:

8 LAW OFFICES OF RICHARD BYRON PEDDIE

By: Richard Byron Peddie, Esq.

9 5051 Euclid Avenue

Boulder, Colorado 80303

10 Telephone: 303-444-5447

11 Also Present:

12 Paula Thomas

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1 I N D E X

2 THE WITNESS: EXAMINATION
3 MELDY RAFOLS

4 Page
5 BY MR. BILLER: 6, 143
6 BY MR. PEDDIE: 139, 156
7

8 E X H I B I T S

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9	Exhibit	Description		
10	Exhibit 65	Thomas Wylde LLC Transactions by	41	41
11		Account		
12	Exhibit 66	Agreement to Purchase Membership Interest	53	53
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14	Exhibit 67	Exhibit A to Agreement to Purchase Membership Interest	54	54
15				
16	Exhibit 68	Thomas Wylde documents beginning with Notice of Issuance of New	67	67
17		Membership Interest		
18	Exhibit 69	E-mail from David Schnider to Paula Thomas	84	84
19		Subject: Meeting today		
20	Exhibit 70	E-mails between John Hanna and Meldy Rafols	88	88
21		Subject: Executive Paycut		
22	Exhibit 71	E-mails between Paula Thomas and Meldy Rafols	91	92
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24	Exhibit 72	Third Amended Exhibit B	95	95
25		Continued...		

1 INDEX OF EXHIBITS (CONTINUED):

2			Page	Page
	Exhibit	Description	Introduced	Marked
3				
4	Exhibit 73	November 9, 2016	98	98
5		"CONFIDENTIAL"		
6		Kyu Hong Kim, CPA		
7		letterhead and		
8		attached tax returns		
9				
10	Exhibit 74	Thomas Wylde 2014	117	117
11		Tax Returns		
12	Exhibit 75	Thomas Wylde LLC	128	128
13		QuickReport		

9

10 Witness Instructed Not To Answer

11	Page	Line
12	25	24

13

14

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1 Los Angeles, California, Friday, August 18, 2017

2 8:43 a.m. - 12:20 p.m.

3

4 MELDY RAFOLS,

5 having been first duly sworn by the Certified Shorthand

6 Reporter, was examined and testified as follows:

7

8 EXAMINATION

9 BY MR. BILLER:

10 Q State your name for the record, please.

11 A Meldy Rafols.

12 Q Do you mind if I called you Meldy or

13 Ms. Rafols?

14 A Meldy is okay.

15 MR. PEDDIE: I'd like to enter an appearance.

16 MR. BILLER: I'm sorry.

17 MR. PEDDIE: Richard Peddie on behalf of

18 Thomas Wylde, LLC, and noting that it is 8:43 a.m.

19 MR. BILLER: Dimitrios Biller on behalf of

20 Plaintiff. Also, Paula Thomas is sitting in on the

21 deposition.

22 BY MR. BILLER:

23 Q Meldy, have you had your deposition

24 taken before?

25 A No.

1 Q Have you ever testified in court?
2 A Once.
3 Q When was that?
4 A Long time ago. I can't remember.
5 2006-7, maybe.
6 Q Was that for a civil case or criminal
7 case?
8 A It's bankruptcy.
9 Q Was that your own case?
10 A No, it's a company.
11 Q What company?
12 A The Fashion House.
13 Q I'm sorry?
14 A The Fashion House.
15 Q Okay. And when did that bankruptcy take
16 place?
17 A I believe, 2007.
18 Q Okay. Were you working for the company
19 at the time?
20 A Yeah.
21 Q In what position?
22 A Controller.
23 Q Okay. And what chapter was that
24 bankruptcy?
25 A 11.

1 Q What was the result of the bankruptcy
2 proceedings?

3 A I have no idea.

4 Q Okay. And why were you called as a
5 witness, do you know?

6 A Just to verify some information.

7 Q On authenticating documents, things of
8 that nature?

9 A No, just questions.

10 Q Well, let's go over some of the ground
11 rules that govern these proceedings. I don't think
12 we're going to have any problems because you seem to be
13 a person who listens very well and waits until
14 responses are appropriate.

15 Only one person should speak at a time because
16 the court reporter is taking down what is being said by
17 everybody. So when everybody talks at the same time,
18 he cannot possibly take down what is being said. Do
19 you understand?

20 A Yes.

21 Q Okay. Also, you can't say "uh-huh" or
22 "huh-uh," physical gestures. The reporter is not
23 entitled to interpret those physical gestures. You
24 always have to give a verbal response. Do you
25 understand?

1 A Yes.

2 Q You understand that you took an oath to
3 tell the truth?

4 A Yes.

5 Q You understand that you have to tell the
6 truth even if the information or answers you give are
7 damaging to yourself personally or to Thomas Wylde or
8 anybody else. Do you understand?

9 A Yes.

10 Q It's very important because our whole
11 system of justice depends on honesty and truthfulness.
12 Do you understand?

13 A Yes.

14 Q If you make a dishonest statement that I
15 believe to be truthful, it may change the whole course
16 of this case that's on going to trial on October 10.

17 A Yes.

18 Q The penalty of perjury applies. Do you
19 understand that?

20 A Yes.

21 Q Do you understand the penalty of
22 perjury?

23 A Yes.

24 Q If any question or statement that I make
25 is vague, ambiguous, unintelligible, please tell me.

1 I'll rephrase; okay?

2 A Okay.

3 Q Or I'll have the court reporter read the
4 question back.

5 A Okay.

6 Q If you don't tell me you have the
7 problem with the nature of the question, then I'll
8 assume and the court will assume and the jury will
9 assume you understood the question. Do you understand?

10 A Yes.

11 Q You're not entitled to speculate. You
12 can't give speculative answers. You could give
13 estimates and approximations but no speculation. Do
14 you understand?

15 A Yes.

16 Q Do you understand the difference between
17 a speculation and an estimate?

18 A Yes.

19 Q Okay. During the course of these
20 proceedings, objections will be made. I'll give you an
21 opportunity for the attorney to make the objection for
22 the record. And then you can either answer the
23 question, have the question read back; or if your
24 attorney instructs you not to answer the question, you
25 can either disregard with what he says or you can

1 answer the question. Do you understand?

2 A Yes.

3 Q At the end of these proceedings, you'll
4 receive a transcript. The transcript will contain
5 everything that was said here today by counsel, by me,
6 by you, objections, statements -- things of that
7 nature. Do you understand?

8 A Yes.

9 Q Have you ever seen a transcript?

10 A Discoverable accounts?

11 Q No. Let me explain. A transcript is
12 going to be a -- it's going to be a booklet. And it's
13 going to have all the statements made here, my
14 questions, your answers, objections -- things of that
15 nature. Do you understand?

16 A Yes.

17 Q You'll be given an opportunity to change
18 any answer that you make here today when you receive
19 the transcript and review it. Do you understand?

20 A Yes.

21 Q But it's very important that you
22 minimize any opportunity that you will have to make
23 changes after the deposition. Do you understand?

24 A Yes.

25 Q It's very important that you provide

1 your most accurate testimony here today. Do you
2 understand?

3 A Yes.

4 Q Although you have the right and freedom
5 to make changes before you sign the transcript under
6 penalty of perjury, if you make changes, you're denying
7 me the opportunity to question you about those changes.
8 Do you understand?

9 A Yes.

10 Q Because that's how this works. I'll ask
11 you a question. You'll make a response, and that
12 response may trigger another question I didn't think
13 about.

14 A Okay.

15 Q And I'll go off on a tangent. I'll
16 develop that information until it's exhausted. Do you
17 understand?

18 A Yes.

19 Q When you get the transcript after you
20 review and approve of it and after you make any changes
21 you deem necessary, you have to sign under penalty of
22 perjury. Do you understand?

23 A Yes.

24 Q What you are saying when you do that is
25 every answer you gave at that time was truthful and

1 answer honest. Do you understand?

2 A Yes.

3 Q If there is an answer that is not
4 truthful and not honest, believe me I will
5 cross-examine you hard on that. Do you understand?

6 A Yes.

7 Q In front of the judge and jury, because
8 you are going to be a trial witness; okay?

9 A Yes.

10 Q At the end of the deposition, Counsel
11 and I will reach a stipulation in which we'll probably
12 agree -- we may not -- that you'll have two weeks to
13 review the transcript. You'll send it to counsel.

14 MR. BILLER: She doesn't have to send it to
15 you. She can send it to me. She's not an employee.
16 We'll deal with that later.

17 MR. PEDDIE: It can be sent to her directly.
18 Keep it fast, I guess.

19 MR. BILLER: Yeah.

20 BY MR. BILLER:

21 Q You understand everything I just said?

22 A Yes.

23 Q Okay. Have you done anything to prepare
24 for this depo? Have you done anything to prepare for
25 the deposition?

1 A Probably just tried to recollect what
2 you might be asking me.

3 Q Do you know Richard Peddie?

4 A Yes.

5 Q When did you meet with him?

6 MR. PEDDIE: Meet with me?

7 BY MR. BILLER:

8 Q Did you ever meet with Richard Peddie
9 before the deposition?

10 A No.

11 Q How do you know Mr. Peddie?

12 A From the -- there was a legal issue that
13 he handled in Thomas Wylde.

14 Q Okay. What legal issue was that?

15 A I think that was a case that was filed
16 against Thomas Wylde?

17 Q By Schiffman? By Dr. Schiffman?

18 A Schiffman is -- I'm not sure if he
19 handled Schiffman. I think it was someone else.

20 Q Can you identify the case?

21 A It was a case filed by Paula.

22 Q Okay. All right. Let's talk about you.
23 Why don't you give me some background information about
24 your personal life; like when and where were you born,
25 things of that nature?

1 A I was born in the Philippines.
2 Q And when were you born?
3 A 1966.
4 MR. PEDDIE: That's three of us.
5 THE WITNESS: We have the same birthday.
6 BY MR. BILLER:
7 Q So when did you move to the
8 United States?
9 A 2003.
10 Q When you were 23. So --
11 THE WITNESS: 2003.
12 MR. PEDDIE: 2003.
13 BY MR. BILLER:
14 Q Oh, 2003. So that would make you 40
15 years old?
16 A 50.
17 Q You were born in 1963?
18 A '66.
19 Q And you moved to the United States in
20 2003?
21 A Yes.
22 Q Okay. Before coming to the
23 United States, what did you do?
24 A I'm an accountant.
25 Q Tell me your educational background.

1 A I graduated in bachelor of accountancy
2 in the Philippines. Took the board in the Philippines
3 as well, CPA. Practicing CPA in the Philippines.

4 Q Did you work for an accounting firm when
5 with you first go your CPA license?

6 A In the Philippines, yes.

7 Q So for how many companies did you work
8 for in the Philippines?

9 A I would say about four, I think.

10 Q Okay. Each of those companies you were
11 the CPA?

12 A Yes.

13 Q And each of those companies were
14 accounting firms?

15 A No.

16 Q What type of businesses were each of
17 these four companies? And give me chronological order?

18 A Last quarter of --

19 Q Chronological order. What was the first
20 company you worked for?

21 A It's a telecommunication company.
22 That's just very brief. And then I worked for the
23 accounting firm.

24 Q Okay. So then after the first company
25 you worked for, you worked for three accounting firms?

1 A No. Just one accounting firm, and the
2 rest are private.

3 Q Okay. So identify the four companies
4 you worked for in the Philippines?

5 A One is a manufacturing company, one is a
6 fashion company, and then the last one is a -- it's
7 involved with ships.

8 Q Is it a shipping company?

9 A It's a shipping company.

10 Q Own ships or --

11 A No. It's --

12 Q Export/import businesses?

13 A Yes.

14 Q In each of those companies, did you use
15 QuickBooks?

16 A No.

17 Q What system did you use?

18 A It was manual back then.

19 Q It was all manual?

20 A Yeah.

21 Q Good old days.

22 A I think QuickBooks was being introduced
23 when I was leaving. Not QuickBooks, Peachtree.

24 Q Are you married?

25 A I was.

1 Q Divorced I take it?

2 A Yes.

3 Q Children?

4 A No.

5 Q And you came to the United States in
6 2003 because?

7 A I moved here, visit my sister, and came
8 for work.

9 Q So you came to the United States to
10 visit your sister and to look for work?

11 A Yes.

12 Q And what type of work were you looking
13 for?

14 A Accounting.

15 Q And for any particular firm?

16 A Private.

17 Q Private business?

18 A Yes.

19 Q Give me your work experience from
20 2003 --

21 A (Indicating.)

22 Q Sure. If you need to get a drink of
23 water, you need to go to the restroom, you want to take
24 a break, just let me know.

25 A I will.

1 Q I mean, you can do that. So let's talk
2 about the companies you worked for starting in 2003.
3 A I worked with the Fashion House.
4 Q Fashion House. And what did you do?
5 A As an accountant.
6 Q And how long did you work for that
7 company?
8 A About a little over five years.
9 Q So approximately 2008 you left that
10 company?
11 A Early -- toward the end of 2008, early
12 2009.
13 Q And that was the Fashion House?
14 A Yes.
15 Q Was that a fashion business?
16 A Yeah.
17 Q Okay.
18 A It's footwear.
19 Q Footwear, okay. So then you started
20 with another company I take it in 2009?
21 A I practice independently.
22 Q Independently.
23 A Consulting.
24 Q And how long did you do that?
25 A I am still doing that now on different

1 clients.

2 Q You work for Thomas Wylde at some point,
3 didn't you?

4 A Yes.

5 Q And you worked for PDTW?

6 A No, not for PDTW.

7 Q Who's John Hanna?

8 A John Hanna is the CEO of Thomas Wylde.

9 Q He was the CEO of Thomas Wylde?

10 A He was the CEO.

11 Q So what do you know about his departure
12 from Thomas Wylde?

13 A I'm not sure, but I believe he -- I
14 believe he was let go.

15 Q Okay. Have you talked to him since he
16 worked at Thomas Wylde?

17 A Yeah.

18 Q When?

19 A I've been working with him.

20 Q So when did you talk to him last?

21 A Yesterday.

22 Q So did you talk about this case?

23 A No. I just told him I'm going to a
24 deposition but not particularly details.

25 Q John Hanna did not tell you what to say

1 or don't say?

2 A No.

3 Q John Hanna did not say anything about
4 the litigation?

5 A He just said stay relaxed and be calm.

6 Q Did he say anything else?

7 A No.

8 Q Okay. So you were working independently
9 from 2009 until now?

10 A Yes.

11 Q When did you start working for
12 Thomas Wylde?

13 A 2014.

14 Q 2014. What month?

15 A July.

16 Q Okay. Were you working directly for
17 Thomas Wylde?

18 A Yes.

19 Q So you were receiving a paycheck from
20 Thomas Wylde?

21 A Yes.

22 Q Did you have other business on the side?

23 A Yes.

24 Q Did Thomas Wylde know that?

25 A Yes.

1 Q So who brought you into Thomas Wylde?
2 A John Hanna.
3 Q Do you remember the month you started?
4 A For Thomas Wylde?
5 Q Yes.
6 A July 2014.
7 Q Okay. Interesting. Do you remember the
8 day you started?
9 A Not particularly.
10 Q Okay. Because --
11 A I think it was middle.
12 Q -- in -- before July 22nd, there was no
13 Thomas Wylde. Do you understand that?
14 A Okay.
15 Q Thomas Wylde started to exist on
16 July 22, 2014. Do you know that?
17 A I don't remember.
18 Q Okay. So did you start to work for
19 John Hanna before the 26th of 2014?
20 A I came on board in July. And he came on
21 board, I think, a few weeks after me. I interviewed
22 with Paula and Jene.
23 Q And he's the one who told you you should
24 interview with him; right?
25 A With whom?

1 Q Thomas Wylde -- or Paula and Jene.

2 A Yes.

3 Q And what did he tell you about why you
4 should do that?

5 A Well, he wanted me on board because he
6 trust how I work.

7 Q Okay. And how many -- how much time did
8 you spend working with John Hanna over the years before
9 2014?

10 A I've worked with him at the
11 Fashion House.

12 Q Five years?

13 A Yes.

14 Q What was his title at Fashion House?

15 A He was president and CEO.

16 Q And that company went bankrupt?

17 A Yes.

18 Q And Thomas Wylde is in bad financial
19 position today, isn't it?

20 A I believe so.

21 MR. PEDDIE: Objection, calls for speculation.

22 BY MR. BILLER:

23 Q Do you think it is close to filing for
24 bankruptcy?

25 MR. PEDDIE: Objection, calls for speculation.

1 BY MR. BILLER:

2 Q You can answer.

3 A I believe that's their plan before.

4 Q Okay. And what do you know about that?

5 A Not much.

6 Q Okay. When did you hear that they were
7 first going to file for bankruptcy?

8 MR. PEDDIE: Objection, assumes facts; calls
9 for speculation.

10 BY MR. BILLER:

11 Q You can answer.

12 A I don't know if they are filing.

13 Q Did John Hanna tell you that they might
14 file for bankruptcy?

15 A No.

16 Q How did you learn that Thomas Wylde may
17 file for bankruptcy?

18 A It was just talk at that. I think it
19 was a suggestion.

20 Q When was the suggestion made?

21 A I can't remember.

22 Q Was it in 2014?

23 A No.

24 Q When did you leave Thomas Wylde?

25 A Last year.

1 Q 2016?

2 A Yes.

3 Q What month?

4 A I think in either early June or middle
5 of June.

6 Q So you were there for two years
7 essentially?

8 A Yes.

9 Q Did you hear about bankruptcy discussion
10 closer to July 2014 or closer to June 2016?

11 A It was not a discussion.

12 Q Okay.

13 A I think it was just a suggestion -- an
14 idea or suggestion, but it was not --

15 Q Who came up with the idea or suggestion?

16 A I'm not so sure. I believe David might
17 have said it.

18 Q David Schnider?

19 A David Schnider.

20 Q How about John Hanna, he's the CEO?

21 A He's talking to David. I was not
22 participating in their discussion.

23 Q So you overheard this discussion between
24 Schnider and John Hanna; correct?

25 MR. PEDDIE: Objection, solicits

1 attorney-client privileged material.

2 MR. BILLER: Okay. Do you instruct her not to
3 answer?

4 MR. PEDDIE: If she overheard something that
5 was between John and David as a private conversation.

6 MR. BILLER: Well, they didn't take any
7 reasonable steps to make sure there was no disclosure
8 to a third party.

9 MR. PEDDIE: I don't know whether they took
10 reasonable steps or not.

11 MR. BILLER: So are you instructing her to
12 answer? That's all I want to know.

13 MR. PEDDIE: Yes, I do. Would you like a
14 stipulation that the discussion of bankruptcy was
15 occurring at least as early as August of 2015?

16 MR. BILLER: I don't know that to be true.

17 MR. PEDDIE: Well, okay. I thought that's what
18 you wanted to establish.

19 MR. BILLER: If that's what you're saying and
20 that's the truth, then I can't stipulate it because I
21 don't know if it's the truth. But if you are telling
22 me that's true, it's on the record and I think it's an
23 admission.

24 MR. PEDDIE: You know that we had to go seek
25 additional capital and all that. And if that hadn't

1 happened, we would have been belly up.

2 MR. BILLER: And the additional capital was
3 from Choi?

4 MR. PEDDIE: That's the only place we could
5 find it.

6 BY MR. BILLER:

7 Q Okay. Let's get moving on to more
8 interesting topics. I would like to know, other than
9 being a CPA from 2003 to the present time and working
10 for Thomas Wylde, have you worked for any other company
11 beside Fashion Company?

12 A Can I just stipulate that I'm not a CPA
13 here?

14 Q That's fine. You took the CPA license
15 in the Philippines; right?

16 A Yes.

17 Q Is there any reason why you didn't take
18 it here?

19 A I don't want to practice as a CPA here.

20 Q You want to do more work like an
21 accountant?

22 A More managerial, more forecasting.

23 Q That's great. So I need to identify
24 your complete employment history between 2003 and the
25 present time. I know between 2003 and 2009 you worked

1 for this fashion company; correct?

2 A Uh-huh.

3 Q Is that a yes?

4 A Yes.

5 Q Then you went on your own; is that
6 correct?

7 A Yes.

8 Q And you started to work for Thomas Wylde
9 in July 2014; correct?

10 A Yes.

11 Q And you stopped working for Thomas Wylde
12 in June 2016; correct?

13 A Yes.

14 Q Did you work for any company between
15 2009 and 2014?

16 A Yes.

17 Q What company?

18 A Interior design company.

19 Q What's it called?

20 A Crate Interiors, C-r-a-t-e.

21 Q How long did you work for that company?

22 A Until 2012.

23 Q Okay. So from 2009 to 2012?

24 A Yes.

25 Q What did you do between 2012 and 2014?

1 A I moved up north.

2 Q Did you work for any company up there?

3 A Yes.

4 Q What company?

5 A It's wholesale and retail and

6 manufacturing as well.

7 Q Okay. What's that company called?

8 A It's called -- it's two companies. One

9 is The Laughing Giraffe and Earthly Nutrition.

10 Q Are those the only two companies you

11 worked for between -- that you worked for in that time

12 frame?

13 A Yes.

14 Q And in all of these jobs that you've

15 had, you've been -- you've not been performing the work

16 as a CPA but of an accountant?

17 A Yeah, internal controller.

18 Q What is an internal controller?

19 A Basically an accounting manager handling

20 the books, financial statements, budgets, and

21 reporting.

22 Q Okay. So you had personal knowledge of

23 the financial state of Thomas Wylde as late as

24 June 2016?

25 A Yes.

1 Q Now, identify all the positions you had
2 with Thomas Wylde?

3 A Financial controller.

4 Q Human resource?

5 A Yes.

6 Q So what did you do as human resource?

7 A I just got documents and filed their HR
8 files, personnel files, and payroll.

9 Q You got to walk me through this; okay?
10 Let's talk about the first one. What documents did you
11 get?

12 A From the employees?

13 Q Yes. Wherever you got them from. I
14 don't know.

15 A They're W4, I-9, and offer letter.

16 Q Anything else?

17 A And a copy of the ID.

18 Q And did you get documents from any other
19 source?

20 A I don't understand. Like, what source?

21 Q Whatever source. It could be anybody.
22 Did you get any documents from any other source in your
23 position as human resource person?

24 A That's about all I can remember.

25 Q Were you the manager of human resource?

1 What was your title?

2 A It was not part of that. I was handling
3 part of HR in that aspect.

4 Q Okay. You were the only one handling
5 HR; right?

6 A At that time, yes.

7 Q Okay. Tell me exactly what your duties
8 and responsibilities were specifically when you were
9 handling HR?

10 A Just coordination with the time; time
11 sheet; payroll; and again, keeping those documents,
12 record keeping.

13 Q What is included in record keeping? Of
14 the document you received from employees?

15 A Yes, those files, personnel files.

16 Q Did you do anything else?

17 A That's about it.

18 Q Did you sit in any conversations with
19 Paula Thomas regarding complaints she had about
20 Jene Park and John Hanna?

21 A Yes, I did.

22 Q And how many times?

23 A I can't really remember. I would say
24 two or three times maybe.

25 Q What year?

1 A Late -- probably late 2014.

2 Q And what were the nature of the

3 discussions?

4 A I think about function and --

5 Q Production?

6 A Function.

7 Q But function meaning production?

8 A Function in terms of decision making or

9 who's handling what.

10 Q What did you hear Paula Thomas say

11 during those discussions?

12 A Well, she just mentioned that -- I can't

13 remember if it's a function between Jene and her, who's

14 going to be handling what.

15 Q Was it a discussion about design and who

16 is going to be the creative director?

17 A No.

18 Q What was it about, then?

19 A It's a little bit more personal. Like

20 she doesn't like Jene, to that effect.

21 Q And what did you hear to make you

22 conclude that she didn't like Jene?

23 A She said it herself.

24 Q And did Jene like Paula?

25 A I'm not so sure, but it seems to me.

1 Q So there was a mutual dislike for each
2 other?

3 MR. PEDDIE: Objection, mischaracterizes the
4 testimony.

5 BY MR. BILLER:

6 Q You can answer the question.

7 A I can only assume.

8 Q But did you see anything or hear
9 anything to indicate to you that Jene Park liked
10 Paula Thomas?

11 A They seemed to be civil with each other
12 when in the office.

13 Q But you said Paula Thomas told you she
14 didn't like Jene Park; right?

15 A She said that.

16 Q Did Jene Park say anything similar to
17 that, what Paula said to you?

18 A No. Jene -- Jene loves everybody.
19 That's what she keeps saying.

20 Q She loves everybody?

21 A Yes.

22 Q You have to worry about people like
23 that.

24 A That's -- I do my own precaution.

25 Q Okay. Were you involved in creating the

1 employee handbook?

2 A No.

3 Q Who created that?

4 A It was there already when I got in. I
5 believe it was David Schnider who introduced that.

6 Q And who actually drafted it?

7 A I would I just assume it's David. It
8 came from him.

9 Q Okay. And are you certain that was in
10 2014?

11 A No. I don't -- I'm not certain, but I
12 know it was in place at the time. But I'm not sure if
13 it is 2014, if it was done in 2014.

14 Q Were all the employees supposed to sign
15 off receipt of that booklet?

16 A Yes.

17 Q And did you maintain a record of that?

18 A Yes.

19 Q And where are those records maintained?

20 A It should be in their folders as well.

21 Q In their individual folders?

22 A Yes. Or in the handbook.

23 Q So it would be in Paula's handbook or
24 her folder; right?

25 A It should be, yes.

1 Q And that would tell us when it was
2 distributed?

3 A Yes.

4 MR. BILLER: Why wasn't that document produced?

5 MR. PEDDIE: It is produced.

6 MR. BILLER: No.

7 MR. PEDDIE: You have that employee handbook.

8 MR. BILLER I don't have the receipt. When I
9 use the word "documents related to" --

10 MR. PEDDIE: I'm not sure -- if you don't have
11 it, then we may not have it.

12 MR. BILLER: I don't have it, because I was led
13 to believe that was given after Paula had left.

14 So --

15 MR. PEDDIE: My understanding there was an
16 April 2015 draft -- and I can look into this -- and I
17 have never gotten a clear answer as to who signed it
18 and when and all the rest.

19 MR. BILLER: All I'm asking you is that that
20 document, that receipt that has a date of distribution
21 is important in this case. And I'm asking you to
22 produce it. Are you going to produce it?

23 MR. PEDDIE: You have the --

24 MR. BILLER: I have the book.

25 MR. PEDDIE: -- book. And it says, "Draft

1 April 2015"?

2 MR. BILLER: I have no idea.

3 MR. PEDDIE: It's right on there.

4 MR. BILLER: I don't remember seeing it. But
5 the point is I'm looking for the receipt.

6 MR. PEDDIE: You're looking for
7 Paula Thomas's signed one?

8 MR. BILLER: Yes.

9 MR. PEDDIE: If it exists, I will try to find
10 it.

11 MS. THOMAS: Can I just interject for a second?
12 Can we just take a two-minute break? I just have to
13 talk to you about something.

14 MR. BILLER: Do you mind?

15 MR. PEDDIE: No, not at all.

16 (Break taken: 9:12 a.m. - 9:16 a.m.)

17 BY MR. BILLER:

18 Q Let's talk about your position as
19 financial controller.

20 A Yes.

21 Q That was a position that you had going
22 in to Thomas Wylde; correct?

23 A Yes.

24 Q And that was a position you had going
25 out of Thomas Wylde; correct?

1 A Yes.

2 Q So what are your duties and
3 responsibilities as a financial controller for
4 Thomas Wylde between July 2014 and June 2016?

5 A The function did you say?

6 Q What were your duties?

7 A Duties? I handled the books. I
8 oversee the financials, the bank accounts, and
9 reporting and coordination with management and the
10 budget as well.

11 Q Okay. You handled the books, oversee
12 the financials, did the banking, coordinated with
13 management, and budget. Did I miss anything? I think
14 I missed one.

15 A Partial HR.

16 Q Okay. Well, if I missed one --

17 MR. BILLER: Can you read her answer back,
18 please?

19 (The record was read by the Certified
20 Shorthand Reporter.)

21 MR. BILLER: Okay. I got it all.

22 BY MR. BILLER:

23 Q All right. Let's talk about handling
24 the books. What did you do in terms of the book, and
25 what books are you talking about?

1 A QuickBooks.
2 Q QuickBooks?
3 A Yeah.
4 Q You handled QuickBooks?
5 A Yes.
6 Q Now, does that include simply taking
7 information off of other sources regarding expenses and
8 revenues and things of that nature and inputting that
9 information into the QuickBooks software program?
10 A Yes.
11 Q So the QuickBooks data is actually the
12 third party to receive information. The first is from
13 the vendor or the expenses, whatever, the second is
14 from you, and then you got QuickBooks; right?
15 A When you say source --
16 Q Well, you can't put data into QuickBooks
17 without receiving information from a third party.
18 A Source documents.
19 Q Right. Source documents. So QuickBooks
20 is only as accurate as the information going in.
21 A Yes.
22 Q Okay. QuickBooks can be easily
23 manipulated to give false information reports; correct?
24 A Yes, if you enter wrong data.
25 Q So if you were given an invoice

1 regarding \$2 million and you believed it to be a true
2 document but it wasn't, that would affect all of the
3 data in QuickBooks; correct?

4 A I verify the documents.

5 Q How do you verify the documents?

6 A I would go to the person, the bank, to
7 what that is about. And I would ask what the nature of
8 the transaction and input in the QuickBooks.

9 Q So if you got a bill from the telephone
10 company, you would call up telephone company and say,
11 "I just got a bill from the telephone company for
12 \$9,000. Can you verify this"?

13 A Not --

14 Q For every source document you verified?

15 A Yes.

16 Q Every single one?

17 A As much as I can, yes.

18 Q So there might be times where you didn't
19 verify documents?

20 A No. Because before you enter it, you
21 need to verify the accuracy of the information you
22 input in QuickBooks to make sure that the transaction
23 is valid and legit.

24 Q How did you verify the investments by
25 Hillshore?

1 A Getting the information from the bank
2 and their -- what the nature of that transaction is.

3 Q Who did you talk to from Hillshore?

4 A Stephen Choi.

5 Q How many times did you talk to
6 Stephen Choi?

7 A Very seldom.

8 Q How much did he invest in Thomas Wylde
9 while you were there?

10 A I don't remember. I believe it's up to
11 about 9 million.

12 Q 9.1?

13 A Maybe 9.1. 9.5 maybe.

14 Q And all of that was investment?

15 A Some of it, I think, are loans.

16 Q Like what?

17 A I can't remember if I don't see the
18 documents.

19 Q How much was the loan?

20 A I don't remember the amount.

21 Q Okay. What loan documents did you
22 receive to confirm it was a loan as opposed to
23 investment?

24 A There should be a promissory note that
25 was executed.

1 Q Is that it?

2 A Yes.

3 Q Really? Okay. Since we're on this
4 topic -- where were we at?

5 THE REPORTER: I have no idea. Didn't you have
6 other depositions?

7 BY MR. BILLER:

8 Q I'm going make the representation to you
9 that Stephen Choi, he testified in this case. Came by
10 TW to pick up a document showing what his investments
11 were, and I'm about to show you that document.

12 MR. BILLER: Let's have this marked as
13 Exhibit 65.

14 (Exhibit 65 was marked for
15 identification by the Certified Shorthand
16 Reporter and is attached hereto.)

17 BY MR. BILLER:

18 Q Are you familiar with that document?

19 A Yeah. This schedule is from QuickBooks.

20 Q Did you hand -- did you generate this
21 document and give it to Mr. Choi?

22 MR. PEDDIE: Objection to form.

23 THE WITNESS: I don't remember giving it to
24 him.

25 ///

1 BY MR. BILLER:

2 Q Are you the one who made the entries?

3 A Yes.

4 Q So on August 8 -- August 26, 2014, you
5 made the entry, "Incoming Domestic Wire in 1/Hillshore
6 600,000." You made that entry?

7 A Yes.

8 Q Okay. The next one says, "Incoming
9 Domestic Wire in Hillshore 350,000," dated
10 September 18, 2014. Did you make that entry?

11 A Yes.

12 Q Next one says [as read] "Fund transfer
13 from Hillshore investment on October 14, 2014 for
14 \$350,000." Do you see that?

15 A Yes.

16 Q Did you make that entry?

17 A Yes.

18 Q The next one is 500,000 loan to
19 Thomas Wylde to be converted to equity L.A. in the
20 amount of \$500,000, dated November 13, 2014. Did you
21 make that entry?

22 A Yes.

23 Q Okay. The next one says
24 [as read], "December 12, 2014, December Funding 2014
25 \$500,000." Do you see that?

1 A Which one?

2 Q The one dated --

3 A Oh, yeah.

4 Q You made that entry?

5 A Yes.

6 Q And the one dated December 31, 2014, it

7 says, "To reclass Hillshore loan to Equity \$2.3

8 million." Do you see that?

9 A Yes.

10 Q Did you make that entry?

11 A Yes.

12 Q When did that reclassification take

13 place?

14 A Year end of 2014.

15 Q So by December 31, 2014? Is that a yes?

16 A Yes.

17 Q And how do you know that?

18 A There should be some documents to

19 support that. I don't remember what those were.

20 Q There should be, shouldn't there?

21 A Yeah.

22 MR. BILLER: Are you going to produce those?

23 MR. PEDDIE: You have hem.

24 MR. BILLER: No, I don't.

25 MR. PEDDIE: You have the unit --

1 MR. BILLER: You know what --

2 MR. PEDDIE: -- issuance from September 2015
3 where Hillshore committed -- this is 2014. Hillshore
4 committed \$5.5 million of investments.

5 MR. BILLER: That has nothing to do with
6 \$2.3 million loaned to equity conversion.

7 MR. PEDDIE: It has everything in do with it.

8 MR. BILLER: There's no document.

9 MR. PEDDIE: You have the document.

10 MR. BILLER: No, I don't.

11 MR. PEDDIE: You have the document. It's the
12 Hillshore --

13 MR. BILLER: That document does not state
14 anything about conversion. Nothing.

15 MR. PEDDIE: If you owe me a hundred
16 dollars --

17 MR. BILLER: I don't want to argue.

18 MR. PEDDIE: That's it, Dimitrios. By the way,
19 I'm objecting to this exhibit only as much as it's a
20 report generated in February 2017. And obviously the
21 entries go beyond her knowledge --

22 MR. BILLER: Obviously that's because --

23 MR. PEDDIE: -- because she no longer worked
24 there after the entries.

25 MR. BILLER: Fine.

1 MR. PEDDIE: Can you give me 20 seconds?

2 MR. BILLER: Why?

3 MR. PEDDIE: I need to grab some documents from
4 her.

5 MR. BILLER: Yeah.

6 MR. PEDDIE: Actually go ahead.

7 BY MR. BILLER:

8 Q Do you have any reason to believe that
9 somebody changed the information depicted in this
10 Exhibit 65?

11 A Repeat that again.

12 Q Do you have any reason to believe that,
13 after you made these entries, somebody else went into
14 QuickBooks and changed the entries?

15 A I wouldn't know that.

16 Q Okay. Now, when you have a loan to
17 conversion -- loan conversion to equity, identify the
18 types of documents that should go with that
19 transaction?

20 A I believe there -- the legal document
21 that might have been executed --

22 MR. PEDDIE: Objection, calls for an expert
23 opinion.

24 BY MR. BILLER:

25 Q You can answer the question. Go ahead,

1 answer.

2 A A distribution. I can't remember what
3 the document is called. But there is a list of
4 distribution, what the capitalization is.

5 Q Okay. And are you talking about the
6 Schedule B on the operating agreement?

7 A I don't remember that one.

8 Q Okay. Do you understand what a loan to
9 equity conversion is?

10 A I would believe so.

11 Q Why don't you explain that to me.

12 A Well, it was a loan -- well, basically
13 converted to equity because the company owned more
14 shares for -- the distribution has been -- it was
15 distributed to the owners.

16 Q So when Hillshore made these, quote,
17 loans and they were to be converted to equity, that
18 would be known at the time the money received?

19 A Say that again.

20 Q Okay. You have these various entries of
21 monies, and you have these entries that say loan
22 converted to equity. Did you input those entries when
23 you received the money?

24 A No. When the document was executed.

25 Q On December 31?

--
1 A It could be other date, but it's the
2 year end when you reclass that.

3 Q So you went back in the system, and you
4 made these entries?

5 A Not --

6 Q I want to know when these entries were
7 made. We have these deposits dated August, September,
8 October to November, December and December.
9 \$2.3 million. And they were allegedly loans converted
10 to equity. The words establishing that fact are
11 printed on this Document 65; right?

12 A Yes.

13 Q And you inputted those words; right?

14 A Yes.

15 Q So when did you input the words?

16 A I don't remember when I put the entry.

17 Q Okay. What was your normal custom and
18 practice? You were an accountant for, I don't know, 20
19 or 30 years. It can't be the first time that you made
20 an entry loan to conversion equity, did you?

21 A Not very often.

22 Q So what was your custom and practice?

23 A Well, you input the transaction when the
24 transaction happened.

25 Q How about the entries?

1 A Well, the entry indicates here the date.
2 But that's not mean I inputted on 12/31/14.

3 Q But it can mean that, could it?

4 A It could be. But when you go to
5 QuickBooks, you can see there is an audit trail in
6 there. You can see the date when it was inputted.

7 Q When the memo was inputted?

8 A Yes. I could do an entry for 12/31, but
9 it could be January 1st.

10 Q So is it your testimony, then, money
11 would be received on one day, and then you would go
12 back and write a memo regarding that money and not
13 identify the date the memo was written?

14 A When you say "go back," what do you
15 mean?

16 MR. PEDDIE: Objection, compound.

17 BY MR. BILLER:

18 Q I want to understand when these
19 memos were inputted into QuickBooks.

20 A I don't remember the date. It would say
21 the date here. But as to when the actual journal entry
22 is made, it's probably not this date.

23 Q How do you know that?

24 A That's what I'm saying. I don't.

25 Q Don't say anything you don't know.

1 A Okay.

2 Q So you made the entry, but you don't
3 remember what dates?

4 A Yes.

5 Q But you're telling me, in QuickBooks,
6 there is a journal that states the dates this
7 information was made; right?

8 A There's audit trail, yes.

9 Q There's an audit trail. And what is
10 that called?

11 A It's audit trail.

12 Q How do you get to it?

13 A You go to reports.

14 Q And how do you do that?

15 A You enter into QuickBooks as an
16 admin. You go to reports. I can't remember the
17 module, but there should be an audit trail there.

18 Q Okay. And if there's not?

19 A There is. QuickBooks --

20 Q If there's not an audit trail regarding
21 these entries, what does that mean?

22 A QuickBooks wouldn't be able to -- there
23 is an audit trail in QuickBooks.

24 Q For everything that goes in?

25 A Yes.

1 Q So the audit trail my indicate that the
2 first entry was made August 26, 2014?

3 A It could say that.

4 Q Or it could say it was made on
5 December 31, 2014?

6 A It could say that. The audit trail
7 would indicate all the dates there was an edit to a
8 transaction.

9 Q Is there any system in QuickBooks that
10 prevents somebody from going into the audit trail and
11 changing dates or information?

12 A I don't believe so. An admin could go
13 to the QuickBooks. All the edits in there in the
14 transaction would show all the edits on one particular
15 transaction.

16 Q But we know -- based on this document,
17 we know for a fact that \$2.3 million was either
18 invested or loaned to Thomas Wylde as of
19 December 31, 2014; right?

20 A Uh-huh.

21 Q Is that yes?

22 A Yes.

23 Q And we also know that that amount was
24 accumulated over the course of four or five months
25 between August and December; correct?

1 A Yes.

2 Q Okay. So this shows that Thomas Wylde
3 actually received that money between August and
4 December of 2014; correct?

5 A Yes.

6 Q Now, do you think that's a lot of money?

7 A It depends on --

8 Q Perspective; right?

9 A Yes, it's relative.

10 Q Right. But do you think it was a lot of
11 money for Thomas Wylde considering its financial
12 condition at the time?

13 A At that time I wouldn't think so.

14 Q Do you think it's important for
15 Thomas -- Paula Thomas to know that \$2.3 million is
16 being injected over that period of time?

17 A Yes, it is important.

18 Q It's a material fact, isn't it?

19 A Yes, I believe so.

20 Q It's a material fact for an officer or
21 somebody in Paula Thomas's position to know that;
22 right?

23 A Yes.

24 MR. PEDDIE: Objection, calls for a legal
25 conclusion.

1 BY MR. BILLER:

2 Q Can you tell me why Thomas Wylde did not
3 inform --

4 MR. PEDDIE: Objection, calls for speculation.

5 MR. BILLER: Let me finish the question.

6 BY MR. BILLER:

7 Q Inform Paula Thomas that, from August
8 2014 to December 2014, Hillshore invested or loaned
9 \$2.3 million? Do you know any reason?

10 MR. PEDDIE: Objection, calls for speculation.

11 THE WITNESS: I believe she was informed.

12 BY MR. BILLER:

13 Q How do you know that?

14 A I don't know, but I believe she was.

15 Q I'm asking if you know that how do you
16 know?

17 A I know they are having a meeting. They
18 discussed these matters.

19 Q How Doe know that? How do you know that
20 \$2.3 million was discussed?

21 A I think that was in the agreement that
22 they have.

23 Q Oh, so it's the agreement?

24 A It's --

25 Q The purchase agreement?

1 A It could be.

2 Q The purchase agreement says \$2 million,
3 not 2.3.

4 A I'm not so sure about that.

5 Q Okay. I wasn't going to bring this
6 document, but I'm glad I did.

7 MR. BILLER: Let's have the next document
8 marked as 66.

9 (Exhibit 66 was marked for
10 identification by the Certified Shorthand
11 Reporter and is attached hereto.)

12 BY MR. BILLER:

13 Q Can you look to page 2236, paragraph 3,
14 "Consideration." Do you see that?

15 A Yes.

16 Q Do you want to read it yourself?

17 A (Witness complies.)

18 Q Now, that paragraph talks about
19 \$3.5 million; right?

20 A Yes.

21 Q Two installments, 1.5 and 2 million;
22 right?

23 A Yes.

24 Q And there's Exhibit B that refers to the
25 dates of investment; right?

1 A Exhibit B or Exhibit A?

2 Q I have it separately.

3 MR. BILLER: Let's go ahead and mark the next
4 document as Exhibit Number 67.

5 (Exhibit 67 was marked for
6 identification by the Certified Shorthand
7 Reporter and is attached hereto.)

8 BY MR. BILLER:

9 Q Do you see that, Exhibit 67?

10 A Yes.

11 Q Did you create that document?

12 A No.

13 Q Okay. That's Exhibit A to the purchase
14 agreement; correct?

15 A Yes.

16 Q And that shows investments of 500,000 on
17 November 15; 500,000 on January 16; 250,000 on February
18 2016; 2,500 on March 2016 --

19 MR. PEDDIE: You said "2,500" before.

20 MR. BILLER: Yeah, March 1.

21 MR. PEDDIE: 2,500?

22 MR. BILLER: No. 250,000

23 MR. PEDDIE: Right.

24 BY MR. BILLER:

25 Q And then 500,000 on April 1, 2016, for a

1 total of \$2 million. Do you see that?

2 A Yes.

3 Q Do you believe this schedule of payments
4 corresponds to the 2,000,013 stated in Clause 4 of
5 Exhibit 66?

6 A This information, I think, is beyond the
7 date that this one. This is 2016.

8 Q It says [as read] "Exhibit 'A' to
9 Purchase Agreement Membership Interest." That's what
10 it says. Exhibit A.

11 MR. PEDDIE: Objection, calls for
12 interpretation of the document.

13 BY MR. BILLER:

14 Q And Exhibit A is referred to in
15 paragraph -- Clause 3 of the purchase agreement; right?

16 MR. PEDDIE: Objection, calls for a legal
17 conclusion.

18 BY MR. BILLER:

19 Q Right?

20 MR. PEDDIE: Calls for speculation.

21 BY MR. BILLER:

22 Q You can answer the question. It says,
23 does it not, "Exhibit 'A'" -- pursuant to Exhibit A
24 \$2,000,013 would be invested?

25 A Yes.

1 Q Okay. Exhibit 67 and Exhibit 65 are
2 totally inconsistent, aren't they?

3 MR. PEDDIE: Objection, calls for a legal
4 opinion. Calls for speculation.

5 THE WITNESS: Yes. What was the last question?

6 BY MR. BILLER:

7 Q Are the data on Exhibit 67 and the data
8 on 65 -- Exhibit 65 are inconsistent; correct?

9 MR. PEDDIE: Objection, foundation; calls for a
10 legal opinion; calls for speculation.

11 BY MR. BILLER:

12 Q You're an accountant. You're a CPA also
13 in the Philippines. Just look at the numbers.
14 Exhibit 65 states that in November there was a \$500,000
15 loan; right?

16 A Yes.

17 Q That's consistent with the payment
18 schedule of Exhibit A, correct?

19 MR. PEDDIE: Objection, assuming facts.

20 THE WITNESS: You're referring to the total?

21 MR. BILLER: Yes.

22 BY MR. BILLER:

23 Q No. I'm referring to the amount of
24 money -- this is not difficult. Really it's not. I
25 know you want to help your client and your friend,

1 John Hanna. But you're supposed to be honest. This is
2 not this difficult that we have to spend this amount of
3 time answering this simple question.

4 Isn't the data noted in Exhibit 65 and
5 Exhibit 67 regarding the amount of money Thomas Wylde
6 was to receive consistent?

7 A You're referring to the 2,300
8 and -- sorry, 2,000,300 and the 2,000,000?

9 Q No. I'm referring to the November 15,
10 500,000 and the November 13, 500,000?

11 A November 13 of --

12 Q 2014.

13 A -- 2014, and this is 2015. This is a
14 balance to be paid the year after.

15 Q Where is that indicated in the purchase
16 agreement?

17 A Well, it says [as read], "Purchaser will
18 pay the remaining balance of 2,000,013 U.S. dollars
19 pursuant to the payment schedule attached hereto as
20 Exhibit A." This is 2015 up to 2016. This
21 reclassification is 2014 pertaining to the previous
22 transactions.

23 Q So are you saying that should there
24 should be information regarding these entries?

25 A I'm sorry?

1 Q Should there be information regarding
2 these entries?

3 A I believe it's here in -- sorry.

4 Q There are no entries for 2015. Look at
5 Exhibit 65. There are no entries for 2015.

6 A Not on this account. There might be
7 other accounts.

8 Q I'm not worried about other accounts.
9 This is the Hillshore account.

10 MR. PEDDIE: Objection, assumes facts.

11 BY MR. BILLER:

12 Q Do you doubt this is the Hillshore
13 account? Do you have any question that this
14 Document 65 relates to the Hillshore account?

15 A Unless I see the backup documents on
16 this.

17 Q So you don't -- if you don't have the
18 backup documents, you don't know if the data is right;
19 correct?

20 A I could verify that with the backup
21 documents.

22 Q Okay. Where are the backup documents?

23 A I don't have it. I don't know. You
24 should have it. The company should have it.

25 Q The company should have it, but I don't

1 have it.

2 A I'm sorry about that.

3 Q What type of backup documents are you
4 referring to?

5 A There would be deposit slip or bank
6 credits -- bank statements.

7 Q So unless you have backup documents, you
8 can't rely on QuickBooks. Is that what you're saying?

9 A No. The QuickBooks entries has backup
10 documents before you enter them.

11 Q Just answer me a simple question. There
12 is no entries for any money received by Thomas Wylde on
13 Exhibit 65 for 2015; correct?

14 A Rephrase that.

15 MR. BILLER: Read the question back.

16 (The record was read by the Certified
17 Shorthand Reporter.)

18 THE WITNESS: If it's recorded here, the money
19 was received.

20 BY MR. BILLER:

21 Q Just answer the question, Exhibit 65,
22 are there any entries for 2015?

23 A 2015 for this?

24 Q Just answer my question, please. I know
25 you're trying to help John Hanna. Please, you have to

1 be honest --

2 MR. PEDDIE: Objection, argumentative.

3 BY MR. BILLER:

4 Q -- you have to be straight forward, and
5 you have to be honest. It's a simple question. Are
6 there any entries on Exhibit 65 for 2015?

7 A There's not.

8 Q Thank you. Was that hard? That took 15
9 minutes to answer.

10 MR. PEDDIE: Counsel, she told you there may be
11 other accounts --

12 MR. BILLER: I asked on the exhibit.

13 MR. PEDDIE: Before you were asking questions
14 suggesting this was the only account.

15 BY MR. BILLER:

16 Q Now, let's turn to 67. There is an
17 entry for November 15, 2015. Do you see that?

18 A Yes.

19 Q For \$500,000?

20 A Yes.

21 Q Do you see that?

22 A Yes.

23 Q Why isn't that on Exhibit Number 65?

24 A I don't know. It might be recorded to
25 another account.

1 Q So why would it be recorded to another
2 account?

3 A It might be recorded as an equity
4 directly.

5 Q Is there an account for equity?

6 A Yes, there is. It's in QuickBooks.

7 Q And it states the date of the entries?

8 A Yes, it should.

9 Q And it states -- it should have some
10 type of memo; right?

11 A Yes.

12 Q All right. So we got 2016, 2016, 2016,
13 2016, and \$1.5 million reflected on Exhibit 67. Do you
14 see that?

15 A Yes.

16 Q That is not reflected on Exhibit 65;
17 correct?

18 A Yes.

19 Q Okay. Isn't it true once entries are
20 made -- I don't know if it's true, frankly. Once
21 entries are made in QuickBooks, can anybody go back and
22 change the data?

23 A If they have access to it, yes.

24 Q If they have access to QuickBooks?

25 A Yes.

1 Q Stephen Choi produced Exhibit 65 at his
2 deposition and swore it was a record he obtained from
3 Thomas Wylde. Do you understand?

4 A Yes.

5 Q I believe he obtained it on -- well,
6 there's a date here of February 27, 2017 at 11:41 a.m.
7 That would reflect the date that this was printed out;
8 correct?

9 A Yes.

10 Q Is that true?

11 A Yes. It would be the date it was
12 generated.

13 Q Right. His deposition was March 2017.
14 So that's consistent with generating this report in
15 February; right?

16 A Yes.

17 Q So can you think of any reason, any
18 reason why Stephen Choi would make changes in
19 QuickBooks regarding the data on Exhibit 65?

20 MR. PEDDIE: Objection, assumes facts.

21 THE WITNESS: No, I can't.

22 MR. BILLER: Okay.

23 BY MR. BILLER:

24 Q If he did make any changes, wouldn't
25 that affect the rest of the QuickBooks data?

1 A Yes.

2 Q Impact everything?

3 A Yes.

4 Q Correct?

5 A Yes.

6 Q So if he went in and deleted the
7 infusion of \$3.5 million in 2015 and 2016, what would
8 the consequences be for the QuickBooks' data?

9 MR. PEDDIE: Objection, calls for a
10 hypothetical.

11 THE WITNESS: Any changes in QuickBooks would
12 change the financial statements.

13 BY MR. BILLER:

14 Q What are the financial statements?

15 A The profit and loss, balance sheet, and
16 statement of cash flow.

17 Q And all those are one document or
18 separate documents?

19 A Separate documents.

20 MR. BILLER: Counsel, do you want to explain
21 why I don't have that?

22 MR. PEDDIE: You do.

23 MR. BILLER: I just looked.

24 MR. PEDDIE: You have the entire QuickBooks
25 file.

1 MR. BILLER: I don't want the entire QuickBooks
2 file. I want the documents.

3 MR. PEDDIE: This is how they are kept.

4 MR. BILLER: The QuickBooks file --

5 MR. PEDDIE: Mr. Biller, this is how they are
6 kept.

7 MR. BILLER: The QuickBooks file can be
8 manipulated.

9 MR. PEDDIE: This is how they are kept. These
10 documents exist within QuickBooks. You generate them,
11 and you print them.

12 MR. BILLER: No. The data in QuickBooks,
13 unless I have the backup file, backup data cannot be
14 checked.

15 MR. PEDDIE: The backup data does not consist
16 of a profit and loss statement, balance sheet, and
17 statement of cash flows. Those are generated in
18 QuickBooks and printers.

19 MR. BILLER: You know what, Richard, I swear to
20 God, I'm going to -- this is recorded. If these are
21 the type of tricks that you can play with other
22 lawyers --

23 MR. PEDDIE: This is not a trick.

24 MR. BILLER: The QuickBooks cannot be verified.

25 ///

1 BY MR. BILLER:

2 Q Can the QuickBooks be verified without
3 checking all the backup data?

4 MR. PEDDIE: Objection, calls for speculation
5 and hypothetical.

6 THE WITNESS: You can generate report and
7 verify with backup data.

8 BY MR. BILLER:

9 Q You need the backup documents to verify
10 what data is being spit out of QuickBooks; right?

11 A Yes.

12 Q Because when you input the information,
13 you have that backup data; right?

14 A Source documents, yes.

15 Q And you're the one who makes sure it's
16 accurate; correct?

17 A Yes.

18 Q And if a third party wanted to do an
19 audit, that third party couldn't do an audit without
20 the backup documents; correct?

21 A Yes.

22 MR. PEDDIE: You were asking about financial
23 statements. They are generated by QuickBooks.

24 MR. BILLER: You know what, Richard, don't
25 treat me like a fool. Okay. You know -- you tell it

1 to the judge.

2 MR. PEDDIE: You were asking her --

3 MR. BILLER: Hey, let me speak.

4 MR. PEDDIE: Why don't you let me speak for
5 once.

6 MR. BILLER: You've already said it. My
7 specific request for production of documents asks for
8 all documents related to financial --

9 MR. PEDDIE: You said to me a moment ago,
10 "Counsel, why don't I have the balance sheet, profit
11 and loss statement, and the statement of cash flows?"

12 MR. BILLER: I don't.

13 MR. PEDDIE: You do. They are generated by
14 QuickBooks, which you have.

15 MR. BILLER: No, I don't. Tell it to the
16 judge.

17 MR. PEDDIE: It's not a separate document.

18 MR. BILLER: Tell it to the judge.

19 MR. PEDDIE: She does not take the balance
20 sheet, the profit and loss statement --

21 MR. BILLER: Tell it to the judge.

22 MR. PEDDIE: -- and input that into the
23 QuickBooks --

24 MR. BILLER: Tell it to the judge.

25 MT. PEDDIE: QuickBooks makes those documents.

1 MR. BILLER: You're wasting my time now.

2 MR. PEDDIE: You're wasting your time because
3 you don't understand financial matters.

4 MR. BILLER: You represent crooks, thieves,
5 mafia personnel from South Korea. That's who you
6 represent.

7 MR. PEDDIE: No. Your theory that Roger Kuo
8 and Doug Lee and Stephen Choi are all from Korea and
9 all speak Korean to each other and are part of a mafia
10 is absolutely outlandish. It comes out of a crack
11 pipe, I'm telling you.

12 MR. BILLER: Are you saying --

13 MR. PEDDIE: I'm being emphatic to tell you
14 that I don't think those guys speak Korean. In fact,
15 some of them are not even Korean.

16 MR. BILLER: Let's mark the next document as
17 68.

18 (Exhibit 68 was marked for
19 identification by the Certified Shorthand
20 Reporter and is attached hereto.)

21 MR. BILLER: Sorry.

22 MR. PEDDIE: Please be careful. I don't like
23 being hit in the head with documents.

24 MR. BILLER: It hit you in the chest.

25 MR. PEDDIE: It hit me in the forehead,

1 Dimitrios.

2 BY MR. BILLER:

3 Q Do you know what this is?

4 A Yes.

5 Q What is it?

6 A It's a transmittal form sent to
7 Paula about the notice of issuance of new membership.

8 Q Do you see your name at the bottom?

9 A Yes.

10 Q And you signed it; right?

11 A Yes.

12 Q You signed your name in the regular
13 course of business?

14 A Yes.

15 Q Did you produce this exhibit in the
16 regular course of your business?

17 A Say that again.

18 Q Did you create this exhibit in the
19 ordinary course of your business?

20 A "Exhibit" meaning this document?

21 Q Yes.

22 A Yes.

23 Q You assembled all the documents referred
24 to in Exhibit 68; correct?

25 A Yes, it was given to me.

1 Q Who gave it to you?
2 A I believe it's David.
3 Q David Schnider?
4 A Yes.
5 Q Okay. Why did he give you these
6 documents?
7 A He's the lawyer of the company, and he
8 prepares these documents.
9 Q He prepared all of them?
10 A Yes, I believe so.
11 Q Okay. Did you have any involvement in
12 preparing these documents?
13 A No.
14 Q Now, remember we had a bit of a
15 discussion about whether Exhibit A that is marked as
16 Exhibit number -- they're right next to you.
17 A Yes.
18 Q The page attached to Exhibit 68 that
19 you're looking at is the same as the previous exhibit
20 that was titled, "Exhibit 'A' to Purchase Agreement."
21 A Yes.
22 Q Same document?
23 A Yes.
24 Q And why was this document distributed?
25 A I believe it's for information.

1 MR. PEDDIE: Objection, calls for speculation.

2 BY MR. BILLER:

3 Q You're the financial controller. You
4 signed the facsimile form; correct?

5 A Yes.

6 Q And who did you fax it to

7 MR. PEDDIE: Objection, assumes facts.

8 THE WITNESS: It is by mail in Korea.

9 BY MR. BILLER:

10 Q And you mailed it to Paula Thomas?

11 A Paula Thomas and the legal counsel that
12 she has at that time.

13 Q And why did you do that?

14 A I was advised that she needs to be
15 advised.

16 Q Because she's a member?

17 A Yes.

18 Q She should be advised of the finances of
19 the company; right?

20 A Yes.

21 Q As a member of the company, she still
22 has a say regarding anything that affects the finances
23 of the company; correct?

24 A Yes, I believe so.

25 MR. PEDDIE: Objection, calls for legal

1 conclusion.

2 BY MR. BILLER:

3 Q That includes making decisions regarding
4 loans and equity; correct?

5 A Yes.

6 MR. PEDDIE: Can we just keep this further? It
7 doesn't look like it's mine.

8 MR. BILLER: I didn't think it was yours.

9 BY MR. BILLER:

10 Q Now, who is Ms. Gonzalez on page 4?

11 A Stephen Choi's wife.

12 Q Have you ever met her?

13 A Yes.

14 Q How many times?

15 A A few times.

16 Q What were the purposes of the meeting?

17 A She came over to shop.

18 Q Just to shop?

19 A Yes.

20 Q She didn't come over for business
21 purposes?

22 A Not that I know of.

23 Q And who calculated the total of
24 \$9,005,013?

25 A Which one is that?

1 Q It's the bottom entry, last page. It's
2 actually \$9,000,013. Who inputted that total?

3 A I believe it was David Schnider who
4 computed the shares.

5 Q But who computed the capital account
6 balance?

7 A I don't know.

8 Q Okay. Did you ever -- do you remember
9 ever inputting into QuickBooks \$9 million in
10 investments by Hillshore?

11 A I don't remember.

12 Q Okay. Does that sound accurate to you?

13 A I don't know.

14 Q Because you were still at Thomas Wylde
15 obviously when this document was created?

16 A Yes.

17 Q So who would have access to the amount
18 of money that was invested into the company?

19 A That would be me.

20 Q Okay. And how would you find out
21 \$9,000,013 was invested, if it was?

22 A I would assume it's collected from all
23 of these contribution.

24 Q You assume that?

25 A Yes.

1 Q Where would you go to find out if that
2 was accurate?

3 A In QuickBooks it would say all of this
4 cash that came in, it's a matter of reclassification.
5 It would be in the equity account in QuickBooks.

6 Q Would the reclassification take place on
7 the same day the money was received?

8 A The money would be recorded at the time
9 it was received. But the reclassification of this,
10 based on the documents, may come later.

11 Q So suppose the 9 million -- assume for
12 purposes of my question that the 9 million came into
13 Thomas Wylde as equity investment. When would that be
14 noted in the equity account?

15 A Upon execution of these documents, when
16 it's converted to equity.

17 Q Okay. So the money could come in in any
18 fashion, but you have to have the execution of the
19 Schedule B for that to be converted into equity; is
20 that what you're saying?

21 MR. PEDDIE: Objection, calls for a legal
22 conclusion.

23 THE WITNESS: Unless there is a document prior
24 that says it's an equity, then it would be in the
25 equity. This money could be in there already. This is

1 just the distribution of how much each member has.

2 BY MR. BILLER:

3 Q If the money is in there already, where
4 would it be in QuickBooks?

5 A It would be in equity.

6 Q Anyplace else? Loans?

7 A It could be in loans if it's not sure
8 with the documents. But once we have the documents to
9 verify the nature of the transaction, it would have
10 been recorded as an equity.

11 Q I hear you saying repeatedly, which I
12 think is completely accurate, that you need to verify
13 QuickBooks with the actual documents that contain the
14 information that goes in QuickBooks; right?

15 A Yes.

16 Q So relying on QuickBooks, unless you
17 verify it, that's not a reasonable thing to do; is it?

18 A It's the normal practice to do.

19 Q It's a normal practice, but it's not the
20 normal practice when there is a legal dispute as to
21 whether the QuickBooks data is accurate or not.

22 MR. PEDDIE: Objection, calls for a legal
23 opinion.

24 THE WITNESS: As long as you have the backup,
25 you can verify the nature of the transaction.

1 BY MR. BILLER:

2 Q Where did you store all the backup?

3 A There would be files. There would be
4 folders.

5 Q Describe the folders. Paper folders?

6 A Paper folders.

7 Q Where would those paper folders be?

8 A It should be in Thomas Wylde's
9 possession.

10 Q It shouldn't be destroyed, should they?

11 A No.

12 Q That's important data, isn't it?

13 A Yes. And IRS requires for data to be --

14 Q Seven years?

15 A Yes.

16 Q So if Thomas Wylde doesn't produce
17 backup documents that you're describing, that would be
18 in violation of IRS regulations; correct?

19 MR. PEDDIE: Objection, calls for a legal
20 opinion.

21 THE WITNESS: Well, there could be other
22 documents, or there could be other means for them to
23 verify.

24 BY MR. BILLER:

25 Q Put that side -- move to strike. Non

1 responsive.

2 If Thomas Wylde does not have the backup
3 documents for the last seven years regarding the data
4 going into QuickBooks, that would be a violation of IRS
5 regulations; correct?

6 MR. PEDDIE: Objection, calls for legal
7 conclusion.

8 THE WITNESS: I believe so.

9 MR. BILLER: Thank you.

10 What time do you have?

11 THE REPORTER: 10:03.

12 MR. BILLER: It's been an hour. Let's take a
13 break.

14 MR. PEDDIE: Before we go off, Dimitrios, I'm
15 going to hand you 2014 income tax return. I think you
16 have a copy already. I'm going to hand you 2015 income
17 tax return marked "Confidential." I ask that you just
18 verify -- I have tried to do this -- that Social
19 Security numbers of everyone from Paula Thomas to
20 John Hanna have been redacted.

21 MR. BILLER: If you say they have been
22 redacted, that's fine.

23 MR. PEDDIE: Well, they're --

24 MR. BILLER: I've never accused you of using or
25 allowing Paula's Social Security number to be left in

1 the open and seen by everybody.

2 MR. PEDDIE: I understand.

3 MR. BILLER: I never did that. What I've
4 accused you of and is clear to me today in this one
5 hour is that you withheld, you've concealed, and you
6 may have destroyed material documents regarding
7 QuickBooks.

8 MR. PEDDIE: Well, I can assure you I have not.

9 MR. BILLER: You probably haven't.

10 MR. PEDDIE: My point is I'm handing you these
11 documents because I know you would like them. I think
12 you already have them.

13 MR. BILLER: I don't have 14. I have 15.

14 MR. PEDDIE: But before you use them in court,
15 just have a double check on the Social Security
16 numbers; all right?

17 MR. BILLER: And why didn't you produce them
18 earlier?

19 MR. PEDDIE: We did.

20 MR. BILLER: When?

21 MR. PEDDIE: During the whole Kring and Chung
22 phase.

23 MR. BILLER: I looked at all 175 documents in
24 your index, and I looked at all the documents I have
25 from Kring and Chung. And it's just not true. Stop

1 saying that.

2 MR. PEDDIE: You say there are no tax returns
3 in there?

4 MR. BILLER: I didn't say that. I did not say
5 that. I said your index does not match the documents
6 for Kring and Chung. That's what I'm saying. So stop
7 saying it.

8 MR. PEDDIE: I sent you all 24 batches Bates
9 numbered. And if there are error, let me know.

10 THE REPORTER: Are we going off?

11 MR. PEDDIE: Yes, that's fine.

12 (Break taken: 10:04 a.m. - 10:26 a.m.)

13 BY MR. BILLER:

14 Q Let's talk about now -- you say oversee
15 financials. What does that mean?

16 A The record keeping, analysis of the
17 accounts, and generating the financial statements.

18 Q Record keeping meaning the backup
19 material received for the information put into the
20 QuickBooks?

21 A Yes.

22 Q Explain to me where that material is
23 located at Thomas Wylde?

24 A It used to be in my drawer. I don't
25 know now.

1 Q Your drawer meaning your office?

2 A My office at the time and table.

3 Q Was there a filing cabinet?

4 A There's a drawer on the table, and there
5 is a separate filing cabinet in the back.

6 Q And how many cabinets does the filing
7 cabinet have?

8 A There are several in the back.

9 Q Okay. And how far back do those
10 documents go? Seven years?

11 A Not in my tenure, so I have the current
12 records that I have.

13 Q So I want to know where all the
14 documents -- the backup documents are located so
15 Mr. Peddie can go get them for me?

16 A I don't know where they are right now.

17 Q But they were in your office; right?

18 A The current ones were in my office.

19 Q Right.

20 A I believe they moved.

21 Q You think they moved? Where did they
22 go?

23 A They moved office.

24 MR. PEDDIE: We moved.

25 THE WITNESS: They moved office, so I don't

1 know where it is now.

2 BY MR. BILLER:

3 Q When you left in June of 2016, those
4 documents were in your office; right?

5 A Yes.

6 Q Okay.

7 MR. PEDDIE: All of them?

8 THE WITNESS: The ones that I have.

9 MR. PEDDIE: Every last invoice?

10 MR. BILLER: This is not your chance to cross.

11 MR. PEDDIE: I just want you to get a clear
12 answer.

13 MR. BILLER: I got an idea, believe me.

14 MR. PEDDIE: Just don't think everything is in
15 a single drawer.

16 MR. BILLER: No. Because it's been destroyed.

17 MR. PEDDIE: No, nothing has been destroyed.

18 BY MR. BILLER:

19 Q Let's talk about your duties with regard
20 to bank accounts.

21 A Say that again.

22 Q With regard to bank accounts, you said
23 you had some duties and responsibilities regarding bank
24 accounts. What were they?

25 A Viewing the bank statements, generating

1 the bank statements, and getting information online.

2 Q Okay. That's what I wanted to ask you.

3 You didn't maintain bank statements in the old fashion

4 way where you put a paper in the filing cabinet;

5 correct?

6 A I would generate it sometimes.

7 Q Okay. How would you receive the bank

8 statements?

9 A Downloading it from online.

10 Q So let's talk about your computer. What

11 folders did you have in your computer that related to

12 Thomas Wylde?

13 A There should be a TW folder in my

14 computer. It says, "TW LLC." I don't remember all the

15 folders. I keep specific folders for some information

16 in there, but I don't remember them all.

17 Q Just tell me what you remember.

18 A There should be bank; there should be

19 financials; AP, accounts payable; accounts receivables.

20 Q And let's go over those folders. What

21 type of documents would you electronically store in

22 each those folders?

23 A Would be bank statements. AP will be

24 some invoices received online. If it's physical, it is

25 filed in the file cabinet. And AR would be list of

1 customers' invoices as to follow up.

2 Q Payments?

3 A Will be in AP if there is any.

4 Q Okay. And did your electronic folder
5 still exist when you left in June of 2016?

6 A Yes.

7 Q And how many documents do you think were
8 stored in that folder?

9 A I don't remember.

10 Q Now, you can easily transfer all of
11 those documents by putting a flash drive in the
12 computer and transferring the TW folder; correct?

13 A Yes, that could be done.

14 Q That will result in not only the folders
15 in TW folder be transferred but that would result in
16 all the documents within each folder to be transferred;
17 right?

18 A That could be.

19 Q And you could do that with a flash or a
20 hard drive?

21 A Yes.

22 Q It could take anywhere from a couple
23 hours to six hours.

24 A Yes. If they know the password of the
25 PC.

1 Q So that's not a burden to you, is it?

2 A What do you mean "burden"?

3 Q To press a button and transfer the
4 document, do you think that's burdensome?

5 A It shouldn't be.

6 Q Do you think it's annoying to have to
7 do?

8 A I don't believe so.

9 Q Do you think it's harassing to ask that
10 be done so Paula can have the records?

11 MR. PEDDIE: Objection, assumes facts.

12 THE WITNESS: That can be anyone's opinion.

13 BY MR. BILLER:

14 Q But is it yours?

15 A It depends on the nature of the file.
16 It depends on -- well, I would say it depends on the
17 mood of the person, also.

18 Q But as a member, as a member of the
19 company, a holder of units, she's entitled to review
20 those documents; isn't she?

21 MR. PEDDIE: Objection, calls for legal
22 opinion.

23 THE WITNESS: Yes.

24 BY MR. BILLER:

25 Q Let me hand you the next document.

1 (Exhibit 69 was marked for
2 identification by the Certified Shorthand
3 Reporter and is attached hereto.)

4 BY MR. BILLER:

5 Q Do you know what 69 is?

6 A Pardon?

7 Q Exhibit 69, you can read it.

8 A Yes.

9 Q Did you read it?

10 A Not yet.

11 Q Go ahead and read it to yourself.

12 A (Witness complies.)

13 Q Have you read Exhibit 69?

14 A Yes.

15 Q Do you know why you were sent this
16 e-mail?

17 A As a copy for reference information and
18 maybe file.

19 Q What file?

20 A It could be an HR file.

21 Q Okay. Was there an HR file on
22 Paula Thomas?

23 A You mean a folder?

24 Q A folder.

25 A Yes.

1 Q What was in that folder?

2 A Her agreement, her -- I believe there's
3 W-2 in there.

4 Q Did she have a separate file other than
5 the file you're trying to describe?

6 A Not that I know of.

7 Q Was there a disciplinary file, for
8 example?

9 A No, not that I know of.

10 Q Did you have an electronic folder in
11 your opinion computer regarding Paula Thomas?

12 A I believe only the transmittal form or
13 whatever I might have sent her in this context.

14 Q Okay. So whatever you would have sent
15 her would be in a electronic Paula Thomas folder?

16 A Whatever I sent her?

17 Q You just said in the electronic folder
18 you have anything you would have sent her.

19 A Like this (indicating). Others might be
20 e-mailed.

21 Q I just want to know if you had a
22 separate electronic folder that contained documents and
23 information on Paula Thomas?

24 A There is only few documents in there,
25 and they're in a separate folder.

1 Q Did you have that for every employee?

2 A For?

3 Q Do you have it for Jene Park,
4 John Hanna, David Schnider, other designers, or did you
5 just have a folder for Paula Thomas?

6 A There is a folder -- in the e-mail there
7 is a folder for them. There are some, not all
8 employees.

9 Q So you have separate folder regarding
10 e-mails that you sent and received regarding
11 Paula Thomas; right?

12 A The e-mail context. Some people that I
13 have separate folders, too.

14 Q Okay. So it sounds like -- and correct
15 me if I'm wrong -- you have a separate electronic
16 folder for Paula Thomas regarding Word or PDF
17 documents; right?

18 A What do you mean "Word" and "PDF"?

19 Q Documents that you would store in an
20 electronic folder; correct?

21 A Yeah.

22 Q And then you have a separate folder for
23 e-mails --

24 A Yes.

25 Q -- that you would send and receive for

1 Paula Thomas; right?

2 A For different people, yes.

3 Q Including Paula Thomas?

4 A Yes.

5 Q And when you left in June of 2016, was
6 the e-mail folder and the electronic folder in
7 existence?

8 A Yes, I believe so.

9 Q Did you produce it as well?

10 MR. PEDDIE: The Meldy Rafols' e-mail folder?

11 MR. BILLER: Yeah.

12 MR. PEDDIE: I don't think so.

13 MR. BILLER: I didn't think so. They relate to
14 Paula Thomas. That's the subject of the request. You
15 want to produce those, or do I have to go
16 file -- whatever?

17 MR. PEDDIE: We can discuss specific requests
18 for actual things like that.

19 MR. BILLER: I want everything that she
20 discussed in this deposition. It's that simple.

21 MR. PEDDIE: Well, We can make a list later and
22 discuss it.

23 BY MR. BILLER:

24 Q Now, when you received this Exhibit 69,
25 what did you think?

1 MR. PEDDIE: Objection, relevance.

2 THE WITNESS: I just thought that it was an
3 instruction.

4 BY MR. BILLER:

5 Q And that's it; right?

6 A Yes.

7 Q Did you think it was a termination
8 letter?

9 A No.

10 Q Did you think Paula Thomas was being
11 threatened she was going to be terminated if her
12 behavior did not change?

13 A Not that I believe so. It's an
14 instruction about function.

15 Q Right. Thank you. Now at some
16 point -- let me show you another e-mail.

17 (Exhibit 70 was marked for
18 identification by the Certified Shorthand
19 Reporter and is attached hereto.)

20 BY MR. BILLER:

21 Q Please read Exhibit 70.

22 A (Witness complies.)

23 Q Why was the salaries cut by a third as
24 indicated in Exhibit 70?

25 A I believe it's because of the financial

1 condition.

2 Q Okay. Who made the decision to cut the
3 salaries?

4 A I believe they all talk about it and
5 agreed to it.

6 Q Including Paula Thomas?

7 A Yes, that's why I confirmed.

8 Q Okay. And then you prepared a chart of
9 what the salaries were and how they would be impacted
10 with the one third reduction; correct?

11 A I believe so.

12 Q Yeah. And what was the payment cycle
13 for Paula Thomas?

14 A I can't remember. I think once a month.

15 Q Once a month. At the end of the month
16 or the beginning of the month?

17 A The beginning of the month.

18 Q So if the chart showed that Paula Thomas
19 received \$16,000 -- approximately \$16,000 in April of
20 2015 and nothing in May 2015, what would that tell you
21 about her employment status?

22 MR. PEDDIE: Objection, vague. It calls for
23 speculation.

24 BY MR. BILLER:

25 Q She didn't work for free, did she?

1 A No, I don't believe so.

2 Q Everybody worked for a salary; right?

3 A Yes.

4 Q So if she didn't get paid in May of
5 2015, don't you think that would indicate that she was
6 no longer employed with the company?

7 MR. PEDDIE: Objection, calls for speculation.

8 THE WITNESS: I can't remember if she got paid
9 in May or not.

10 BY MR. BILLER:

11 Q She did not. I can't believe I didn't
12 bring the chart, which I'm sorry. But I have it
13 completely memorized, and I'll be wrong if I ask you a
14 question that misrepresents the chart. But the chart
15 shows she was not paid in May of 2015. And she was
16 paid 16,000 out of a \$25,000 salary in April of 2015.

17 When would she have received the approximately
18 \$16,000 in April 2015?

19 A That would have been on the 1st.

20 Q And the first salary was \$25,000. What
21 would one third of that be?

22 MR. PEDDIE: Objection, calls for math.

23 THE WITNESS: One third would be about --

24 BY MR. BILLER:

25 Q Two-thirds would be about 16; right?

1 A About 16, yes.

2 Q So that would represent her salary with
3 the one -- the 33 deduction; correct?

4 A Yes.

5 Q So if she was still employed with
6 Thomas Wylde in May of 2015, she would have received a
7 paycheck for approximately 16,000 on May 1, 2015;
8 correct?

9 MR. PEDDIE: Objection, assumes facts.

10 THE WITNESS: Yes, if she's employed at the
11 time.

12 MR. BILLER: Okay. Thank you.

13 BY MR. BILLER:

14 Q Now, all these documents signed by
15 John Hanna, notice approval of action, notice of
16 issuance of new membership, action by written
17 consent -- did you have any involvement in deciding
18 those issues?

19 A No.

20 Q Did you have any involvement in
21 preparing those documents?

22 A No. These documents, no.

23 Q Let me go ahead and hand you another
24 document as 71.

25 ///

1 (Exhibit 71 was marked for
2 identification by the Certified Shorthand
3 Reporter and is attached hereto.)

4 BY MR. BILLER:

5 Q Did you prepare Exhibit 71?

6 A Yes.

7 Q Okay. You wrote this document; right?

8 A Yes.

9 Q And you wrote it in the ordinary course
10 of your business; correct?

11 A Yes.

12 Q And you sent it to Paula Thomas and cc'd
13 it to John Hanna; right?

14 A Yes.

15 Q And for what purpose did you write this
16 e-mail?

17 A This is for backup.

18 Q Backup?

19 A And information.

20 Q Okay. And this relates to Paula Thomas?

21 A Yes.

22 Q And so it says here, "With the paycut
23 and the membership contribution deduction, your net pay
24 will be \$8,247.95 for the month April and May." Do you
25 see that?

1 A Yes.

2 Q Did I read that correctly?

3 A Yes.

4 Q And then it says, "After the
5 membership deduction, your monthly net pay will be
6 \$9,847.95 starting in June 1, 2015." Did I read that
7 correctly?

8 A Yes.

9 Q Okay. And this was sent on
10 March 30, 2015; right?

11 A Yes.

12 Q So as of the date of this e-mail,
13 Paula Thomas was employed with Thomas Wylde; correct?

14 A Yes.

15 Q Now, if my memory of the charts are
16 correct and Paula Thomas did not receive any money in
17 May, June, and July 2015 and never again, what does it
18 indicate to you?

19 MR. PEDDIE: Objection, calls for speculation.
20 It calls for a legal opinion.

21 BY MR. BILLER:

22 Q You can answer.

23 A I don't remember, but I -- at that time
24 I believe it was on hold. I was waiting for an advice.

25 Q Did you ever get advice?

1 A After -- I can't remember the time, but
2 after a while I was advised that she's no longer with
3 the company.

4 Q And how long did it take them to inform
5 you of that fact?

6 A I can't remember.

7 Q Did they tell you when she was no longer
8 employed?

9 A I believe there's a document for that.
10 I don't remember.

11 Q No. I'm asking for your personal
12 knowledge.

13 A I don't remember.

14 Q Okay. Who is Natalie?

15 A Natalie?

16 Q Do you know a woman named Natalie?

17 A There are two Natalies.

18 Q Which one do you know?

19 A There's Natalie in production and then a
20 Natalie in sales.

21 Q How long did Natalie work -- Natalie in
22 sales, how long did she work at TW?

23 A I don't remember. I'm not sure
24 if -- probably less than a year.

25 Q Okay. And did Jene Park or John Hanna

1 or David Schnider tell you not to let Natalie know that
2 Paula Thomas is no longer working there?

3 A No.

4 MR. BILLER: Let's go ahead and mark the next
5 document in order Exhibit 72.

6 (Exhibit 72 was marked for
7 identification by the Certified Shorthand
8 Reporter and is attached hereto.)

9 BY MR. BILLER:

10 Q You see Exhibit Number 72?

11 A Yes.

12 Q That's a "THIRD AMENDED EXHIBIT B";
13 correct?

14 A Yes, it says here.

15 Q And it states, "MEMBERS AND CAPITAL
16 CONTRIBUTIONS November 15, 2015." Right?

17 A Yes.

18 Q Who created this document??

19 A David Schnider, I believe.

20 Q Okay. Where did he get the number
21 "9,000,013" at the bottom for "Hillshore Investments"?

22 MR. PEDDIE: 9,513,000?

23 MR. BILLER: 9,000,013.

24 MR. PEDDIE: It says 9,005,513.

25 MR. BILLER: No, it doesn't.

1 THE WITNESS: This one (indicating).

2 MR. PEDDIE: Oh, I'm sorry. I apologize.

3 BY MR. BILLER:

4 Q Do you know where he got that number,
5 where that number came from?

6 A I can't remember. I can't remember.

7 Q Do you remember Hillshore investing
8 \$9,000,013 as of November 15, 2015?

9 A I don't remember.

10 Q Okay.

11 A It looks like a total of these two.

12 Q And it shows 3200 units; right?

13 A 33 here.

14 MR. PEDDIE: 3390

15 MR. BILLER: I'm sorry, 3390. Sorry, that was
16 my mistake.

17 BY MR. BILLER:

18 Q And that was his ownership interest in
19 the company; right?

20 A Yes.

21 Q In 2015?

22 A Yes.

23 Q Okay. Can you determine what the
24 percentage of the company he owned at that time?

25 A I think approximately over 90.

1 Q Over 90. Now, I'm going back to
2 Exhibit 65 and ask you whether Exhibit 65, without any
3 entries in 2015, is consistent with 72 where there is a
4 capital account balance of \$9,000,013 for Hillshore.
5 Are those two documents consistent?

6 MR. PEDDIE: Objection, lacks foundation;
7 assumes facts.

8 THE WITNESS: In numbers. But again, there
9 could be other account that supports this.

10 BY MR. BILLER:

11 Q I understand. But in purely numbers,
12 are they consistent?

13 A Again, not in numbers.

14 Q So can you explain the inconsistencies?

15 A It could be on another account.

16 Q I want to know if you have personal
17 knowledge of any facts that explain the
18 inconsistencies?

19 A It could be in QuickBooks. I don't
20 remember, but if it's in QuickBooks it would generate
21 the account.

22 Q Okay. I don't want you to think where
23 the inconsistency can be found. I want to know if you
24 have any personal knowledge of any facts that you know
25 about that can explain the inconsistency?

1 A Not that I know of.

2 Q Okay. Now, this Document 72 is supposed
3 to reflect, as of the date this document is generated,
4 Hillshore made a capital contribution of \$9,000,013;
5 correct?

6 A Yes.

7 Q The money was actually in Thomas Wylde;
8 correct?

9 A Yes.

10 MR. PEDDIE: Objection, vague.

11 BY MR. BILLER:

12 Q Let's discuss the next document in
13 order.

14 (Exhibit 73 was marked for
15 identification by the Certified Shorthand
16 Reporter and is attached hereto.)

17 BY MR. BILLER:

18 Q Are you familiar with Exhibit 73?

19 A Yes.

20 Q I'm sorry?

21 A Yes.

22 Q Were you involved in any way preparing
23 any materials that were sent to the accountant who
24 prepared the 2015 tax return?

25 A I don't believe so. If they filed for

1 an extension, I'm not there anymore.

2 Q Have you participated in that process
3 before at Thomas Wylde?

4 A 2015, yes.

5 Q Tell me what you did.

6 A Sent her the financial statements for
7 tax return, the CPA. And she prepared the --

8 Q When you say financial statements, what
9 is included in that?

10 A Profit and loss; balance sheet.

11 Q Okay. Can you explain why the financial
12 statements profit and loss and balance sheet are not
13 attached to this tax return?

14 A I can't, but profit and loss is
15 indicated in this the schedules here in the balance
16 sheet as well.

17 Q Okay. Now Exhibit 73, that relates
18 to -- that relates to the tax year ending on 12/2015;
19 right? Do you see that?

20 A Yes.

21 Q Now, Exhibit 72 indicates there was an
22 investment by Hillshore of \$9 million by
23 November 15, 2015; right?

24 A Yes.

25 Q Okay. And the ordinary business income

1 loss for Thomas Wylde that year 2015 was \$4.6 million;
2 right?

3 A Yes. That's what it states here.

4 Q The difference between \$4.6 million and
5 \$9 million is approximately 4.4 million; right?

6 MR. PEDDIE: Objection, calls for speculation
7 and calls for a legal opinion.

8 THE WITNESS: Mathematically, yes. But it is
9 not the result of this versus minus this (indicating).

10 BY MR. BILLER:

11 Q We're going through it. We'll get
12 there. We'll get there. Ordinary business income on
13 line 22 on the 1065 form.

14 A Line 22?

15 Q Do you see that?

16 A Yes.

17 Q Okay. It's 4,613,388.83; right?

18 A Yes.

19 Q It was operating at a loss that year
20 2015; right?

21 A Yes.

22 Q Please find for me in this document
23 where it states that Hillshore made an investment.

24 The document doesn't show
25 Hillshore Investments made any investment in

1 Thomas Wylde for 2015; right?

2 MR. PEDDIE: Objection, misstates the
3 truth -- the facts.

4 BY MR. BILLER:

5 Q Does the document show that?

6 A It's not on the balance sheet. But if
7 you see analysis of partners capital accounts, there's
8 capital cash of 7 million 500 in there. There should
9 be a breakdown of that.

10 Q But that doesn't indicate it was made in
11 2015, does it?

12 A Sorry?

13 Q That doesn't indicate it was made in
14 2015.

15 A No. It's a carry over. A balance
16 sheet account is cumulative.

17 Q Okay. So we're talking about -- it says
18 on Schedule B-1 Hillshore owns 100 percent of
19 Thomas Wylde; right?

20 A Which page?

21 Q B-1.

22 A Okay. Give me one second.

23 Q Okay. Did you find it?

24 A Not yet.

25 Q "Information on Partners Owning 50% or

1 More of the Partnership."

2 MR. PEDDIE: It may be 20 pages in, or 15.

3 MR. BILLER: I hate tax returns.

4 THE WITNESS: Give me one second. I'm actually
5 on the K already.

6 MR. PEDDIE: It's before that. It's right
7 after 1125-A.

8 MR. BILLER: This is where I got the number of
9 160,000 for legal fees. It's on the tax return.

10 MR. PEDDIE: I would love that if that were
11 true.

12 BY MR. BILLER:

13 Q You want to just look at mine?

14 A Yes, please.

15 Q You see it shows hundred percent
16 ownership by Hillshore Investments?

17 A Yes.

18 Q Okay. What does that mean to you?

19 MR. PEDDIE: Objection, calls for speculation.

20 THE WITNESS: That it's a hundred percent
21 owned.

22 MR. BILLER: Okay.

23 BY MR. BILLER:

24 Q And on the next three or four pages, it
25 identifies others who have an ownership interest in the

1 company and it identifies a percentage of ownership.
2 So if that were the case, how it could it be a hundred
3 percent?

4 A I don't know.

5 Q Isn't that inconsistent?

6 A I could probably ask the CPA how it's
7 presented.

8 Q I'm going to.

9 A I don't know.

10 Q Now, where do you say Hillshore's -- the
11 amount of money Hillshore invested in TW is indicated
12 on that Exhibit 73?

13 A As I was saying, it's probably here in
14 the Analysis of Partners' Capital Accounts.

15 Q What page?

16 A Page 5 of this.

17 Q Okay. That's good. What line number?

18 A Line Number 2 on Schedule M-2.

19 Q Line Number 2 Attach Form 1125-A, is
20 that what you're looking at?

21 A No. I'm looking at this one
22 (indicating).

23 Q I'm not on the right page. "Analysis of
24 Partners' Capital Accounts." Okay.

25 A Yes.

1 Q Balance at the beginning of the year

2 "-181,359." Do you see that?

3 A Yes.

4 Q Capital contribution cash "7,504,813."

5 Do you see that?

6 A Yes.

7 Q Net income per books, "-4,651,971." Do

8 you see that?

9 A Yes.

10 Q It doesn't indicate here whether the

11 \$7,504,813 is only the capital contribution of

12 Hillshore Inc., does it?

13 A No.

14 Q This is a capital contribution of

15 everybody?

16 A Yes.

17 Q And this is a capital contribution from

18 2014 and 2015 or just 2015?

19 A It's accumulated over the years.

20 Q So as of December 31, 2015, there was

21 only \$7,504,813 identified as capital contribution for

22 Thomas Wylde?

23 A Yes.

24 Q That figure is inconsistent with

25 Exhibit 72 wherein it states Hillshore Investments made

1 a \$9,000,013 capital contribution for 3390 units;
2 right?

3 MR. PEDDIE: Objection, calls for a legal
4 conclusion.

5 BY MR. BILLER:

6 Q Right?

7 A Yes.

8 Q Okay. Both those documents -- both
9 those documents are inconsistent with the information
10 on Exhibit 65; right?

11 MR. PEDDIE: Objection, calls for a legal
12 conclusion; assumes facts.

13 THE WITNESS: The numbers, yes.

14 BY MR. BILLER:

15 Q The numbers are inconsistent on all
16 three documents; correct?

17 A They don't tie up.

18 Q They don't tie up; right?

19 A (Inaudible response.)

20 Q Is that right?

21 A Yes.

22 Q Can you explain why you have three
23 different numbers for capital contributions by
24 Hillshore Investments in 2015; zero, short of 9
25 million, and 9 million?

1 A I can't.

2 Q If you want to determine why you have
3 three inconsistent numbers coming from tax returns,
4 members and capital contributions Third Amended
5 Exhibit B and the QuickBooks analysis or QuickBooks
6 data on Exhibit Number 65, how would you do that?

7 A You have to look at the other accounts
8 in balance sheet. It could be in other account, and
9 then you have to ask the tax CPA how she classified
10 those accounts in presenting the tax return. I'm not a
11 tax person.

12 Q You have to have all the backup; right?
13 MR. BILLER: What are you pointing the witness
14 at?

15 MR. PEDDIE: I'm just showing her your exhibit.

16 MR. BILLER: No. You pointed to a page on my
17 exhibit.

18 MR. PEDDIE: On your exhibit, that's right.

19 MR. BILLER: And you looked at her, and you
20 wanted her to read it.

21 MR. PEDDIE: Yes.

22 MR. BILLER: That's not proper, Counsel.

23 MR. PEDDIE: Why not?

24 MR. BILLER: Because that's interfering with my
25 examination, and you're trying to coach the witness.

1 MR. PEDDIE: Will I have a chance to ask some
2 questions.

3 MR. BILLER: Of course you will. So why don't
4 you stop interfering with my --

5 MR. PEDDIE: I'm not interfering with anything.

6 MR. BILLER: Of course you are.

7 MR. PEDDIE: This is your exhibit.

8 MR. BILLER: It doesn't matter if it's my
9 exhibit.

10 MR. PEDDIE: You're asking her about
11 documents and --

12 MR. BILLER: You're interfering with my depo.
13 Do you got it?

14 MR. PEDDIE: I'm just showing her the
15 document.

16 MR. BILLER: You're not showing -- you're
17 showing her a page within the document.

18 MR. PEDDIE: Dimitrios --

19 MR. BILLER: Don't do it again.

20 MR. PEDDIE: Dimitrios, you have the
21 commitment --

22 MR. BILLER: Don't do it again.

23 MR. PEDDIE: You have a commitment to
24 contribute \$1.5 million in 2016.

25 MR. BILLER: So what. Are you testifying now?

1 MR. PEDDIE: No.

2 MR. BILLER: Take his oath.

3 Take your oath.

4 MR. PEDDIE: No.

5 MR. BILLER: I'm going to get your deposition,
6 buddy.

7 Take his oath.

8 MR. PEDDIE: You're not getting my deposition.
9 Listen --

10 MR. BILLER: Don't talk to me. I'm doing an
11 examination.

12 MR. PEDDIE: You need to demonstrate a little
13 bit of sophistication. Let the record reflect that
14 Counsel is screaming.

15 MR. BILLER: And let the record reflect that
16 Counsel is a thief and cheater and liar, somebody who
17 conceals evidence, somebody who may have destroyed
18 evidence, somebody who would put his name on legal
19 documents intentionally lying to opposing counsel and
20 the court.

21 And we'll see how you're going to get out the
22 bankruptcy when you signed your own name to those
23 claims, not the claimants. You're going to be called
24 on the stand. Do you understand that?

25 MR. PEDDIE: No, I don't think I will.

1 MR. BILLER: You signed those under penalty of
2 perjury and that you had personal knowledge.

3 MR. PEDDIE: Calm down, Mr. Biller. You need
4 to read your own documents.

5 MR. BILLER: Excuse me.

6 BY MR. BILLER:

7 Q In order to figure all this out, you
8 have to do an audit; right?

9 MR. PEDDIE: Objection, calls for a legal
10 opinion.

11 THE WITNESS: A review or an audit.

12 BY MR. BILLER:

13 Q What is the difference between a review
14 and an audit?

15 A Well, a review is not as thorough as an
16 audit.

17 Q Of course not. A review doesn't look at
18 the backup material; right?

19 A They do sometimes.

20 Q They don't most of the time; correct?
21 They just look at the QuickBooks; right?

22 A They ask for backup.

23 Q Do they look for all the backup?

24 A Not all of it.

25 Q But an audit looks at all the backup

1 material to make sure that the data going into
2 QuickBooks is consistent with the backup; right?

3 MR. PEDDIE: Objection, assumes facts; calls
4 for a legal opinion.

5 THE WITNESS: Yes. Whatever they want
6 to --

7 MR. PEDDIE: Calls for an expert opinion.

8 BY MR. BILLER:

9 Q And then once you check if the data in
10 QuickBooks is proper and accurate, then you can do an
11 analysis of QuickBooks to try and find why there was an
12 inconsistency; correct?

13 MR. PEDDIE: Objection, calls for a legal
14 opinion; calls for an expert opinion; calls for
15 speculation.

16 THE WITNESS: Yes.

17 BY MR. BILLER:

18 Q Okay. Why do you think Counsel was
19 showing you a particular page?

20 MR. PEDDIE: Will you allow her to look at the
21 page?

22 BY MR. BILLER:

23 Q Why do you think Counsel -- when he
24 showed you a page from one of my exhibits, what did you
25 think at that moment?

1 A He's just pointing out the number, the
2 amount.

3 Q What did you think?

4 A Just pointing out the number.

5 Q And what did you -- do you know why he
6 was pointing out the number?

7 A Probably to strike a recollection.

8 Q So he's trying to force you to recall
9 some information?

10 MR. PEDDIE: Objection, mischaracterizes what
11 she's --

12 THE WITNESS: I wouldn't say force.

13 BY MR. BILLER:

14 Q He was asking you to recall some
15 information; right?

16 A Just pointing out a number in there.

17 Q And that was to recall information;
18 right? Do you know what information he was trying to
19 get you to recall?

20 A It's the same schedule that you have
21 given. It's the same number that I have.

22 Q What do you mean it's the same number?

23 A It's on the document that we both have.

24 Q What is?

25 A The amount.

1 Q And what's the date of that document?
2 A It's 16.
3 Q I'm sorry?
4 A 2016, 1/1/16.
5 Q I'm talking about 2015. So what is that
6 relevant to 2015?
7 A I don't know.
8 Q It's not relevant, is it?
9 A I don't know.
10 Q There is no relevance to any information
11 on 2016 as related to 2015; right?
12 A I don't know.
13 Q You don't know because you don't know
14 what he was trying to tell you; right?
15 A Yes.
16 Q He was interfering with your testimony,
17 wasn't he?
18 A I don't know his intention.
19 Q But did it interfere with your
20 testimony?
21 A Not really. I was looking at both
22 documents.
23 Q Were you distracted while I was giving
24 you questions?
25 A Just a little bit.

1 Q So he was -- he distracted you when I
2 gave -- when I was in the middle of formulating and
3 asking you questions; correct?

4 A I wouldn't really say distracted. I
5 just glanced --

6 Q You just said he was.

7 A I was glancing through it.

8 Q Which is it, you weren't distracted or
9 you were distracted; because you gave two different
10 answers?

11 A I said I wasn't really distracted.

12 Q That's now a third, actually. A third
13 answer.

14 MR. PEDDIE: Objection, argumentative.

15 BY MR. BILLER:

16 Q Let's start all over. When opposing
17 counsel inappropriately showed you

18 MR. PEDDIE: Objection --

19 BY MR. BILLER:

20 Q -- a document before to try to refresh
21 your recollection, were you distracted?

22 MR. PEDDIE: Objection, argumentative;
23 mischaracterizes.

24 THE WITNESS: A bit, yes.

25 MR. BILLER: Thank you.

1 BY MR. BILLER:

2 Q Let's talk about John Hanna. You've
3 known him for five years; right?

4 A No, longer.

5 Q How long have you known him?

6 A About 13 years?

7 Q 13 years?

8 A 2003.

9 Q Yeah. How did you meet him?

10 A He hired me.

11 Q And did you have a personal
12 relationship?

13 A No.

14 Q Did you ever have dinner with him
15 outside of work?

16 A No. With -- only on meetings. Not
17 dinner, a meeting.

18 Q All right. And were you always
19 financial controller?

20 A Sorry?

21 Q Were you always a financial controller
22 with him?

23 A Yes.

24 Q And he was your supervisor?

25 A He's my boss, yes, CEO.

1 Q And where does he work now?
2 A Thale Blanc.
3 Q I'm sorry?
4 A Thale, T-h-a-l-e, one word.
5 Q Where?
6 A In Melrose Place.
7 Q Melrose Place. Okay. And what is his
8 position?
9 A CEO.
10 Q And how long has he been working there?
11 A Just recently.
12 Q When did he start, do you know?
13 A I don't -- I believe maybe late July.
14 Q Okay. And what's his position?
15 A CEO.
16 Q And what kind of business is that?
17 A It's a fashion company as well.
18 Wholesale and retail purses.
19 Q How many people work for that company?
20 A Three or four at the time that he
21 joined.
22 Q Okay. Where is that company located?
23 A Melrose Place.
24 Q Address?
25 A 8481.

1 Q 8481?
2 A 8481 Melrose Place, L.A., California
3 90069.
4 Q Do you have his telephone number?
5 A His cell phone, yes.
6 Q Can you give it to us, please?
7 THE WITNESS: Am I allowed to do that?
8 MR. BILLER: Yes.
9 MR. PEDDIE: Did the other one not work? You
10 have it?
11 THE WITNESS: Yes. 310-770-3741.
12 MR. BILLER: Okay.
13 BY MR. BILLER:
14 Q And you're working with him currently?
15 A Yes.
16 Q I thought you were working at a trucking
17 company. No?
18 A No. Where did you get that?
19 MR. PEDDIE: Same place he gets everything
20 else.
21 MR. BILLER: My assistant told me that.
22 THE WITNESS: I have another client that I'm
23 working with. It's an apparel company.
24 MR. BILLER: Okay.
25 ///

1 BY MR. BILLER:

2 Q So how many days a week do you work with
3 John Hanna?

4 A How many?

5 Q Days do you work with John Hanna per
6 week?

7 A Two to three days.

8 Q Okay. I only have one copy of this
9 document, unfortunately. I'll give it to you because I
10 think it's more important for you to have it because
11 I'll be asking you about it. I'll be asking you
12 questions; okay?

13 A Okay.

14 MR. BILLER: Let's have the next document
15 marked.

16 (Exhibit 74 was marked for
17 identification by the Certified Shorthand
18 Reporter and is attached hereto.)

19 BY MR. BILLER:

20 Q I want you to flip through 74 and let me
21 know when you become familiar with it.

22 MR. BILLER: Let's go off the record.

23 (Break taken: 11:14 a.m. - 11:19 a.m.)

24 BY MR. BILLER:

25 Q Are you ready?

1 A Yes.

2 Q Can you please show me where in
3 Exhibit Number 74 it indicates the investments
4 Thomas Wylde received in 2014?

5 MR. PEDDIE: I'm going to object to this entire
6 line of questioning in that it asks this witness to be
7 an expert on finding things in a U.S. tax return and
8 also on relevance.

9 BY MR. BILLER:

10 Q Did you find something?

11 A Well, I would go against this schedule,
12 Schedule M-2?

13 Q And what does it state?

14 A Capital contributed 700.

15 Q 700? Is that \$700 or \$7 million?

16 A It says \$700 here.

17 Q \$700. So the 2014 tax return for
18 Thomas Wylde indicates that there was a capital
19 contribution of \$700 in total; correct?

20 A Yes.

21 Q Okay. It doesn't show 2.3 million?

22 A It could be in the other liabilities
23 here.

24 Q I'm not asking where it could be. I'm
25 asking where it should be. Is it in the partners

1 analysis contribution portion of the tax return?

2 MR. PEDDIE: Objection, calls for an expert
3 opinion. It's a continuation of the quiz. This
4 witness is not an expert on U.S. tax return.

5 BY MR. BILLER:

6 Q Does it show in that section you're
7 looking at any contribution larger than \$700?

8 A It does not on this schedule.

9 Q Do you do your own taxes?

10 A I do.

11 Q So you're familiar with filling out tax
12 returns in the State of California and for the federal
13 government?

14 A Individual yes, not corporate.

15 Q This is not a corporation, is it?

16 A This is an LLC.

17 Q It's not a corporation, though; right?

18 There's a difference between a corporation and an LLC;
19 right?

20 A Yes.

21 Q An LLC is not as complicated as a
22 corporation; right?

23 MR. PEDDIE: Objection, calls for --

24 THE WITNESS: But it's extensive.

25 ///

1 BY MR. BILLER:

2 Q Are you saying you can't read a tax
3 return? Is that what you're saying?

4 A I could but this is -- as I said, it's a
5 tax return for an entity.

6 Q I understand. But you can read it;
7 right?

8 A Yes.

9 Q Okay. So can you explain why there are
10 no -- there's only \$700 in capital contribution into
11 Thomas Wylde for 2014?

12 MR. PEDDIE: Objection, calls for an expert
13 opinion.

14 THE WITNESS: I can't. As I said, it could be
15 in the liabilities and not reclassified yet.

16 MR. BILLER: Okay.

17 BY MR. BILLER:

18 Q Do you see any amount in liabilities for
19 3.2 million?

20 A Not that exact figure.

21 Q That adds up to that figure?

22 A More than that. It's 4.3 here.

23 Q In liabilities?

24 A In other liabilities, and there is a
25 statement that pertains to that schedule.

1 Q And what's that statement?

2 A Statement 7.

3 Q Can I look behind you?

4 MR. PEDDIE: Yeah, come on over. I think you
5 may have flown past the statements. What's this here?

6 THE WITNESS: It's Form 1065.

7 MR. PEDDIE: These are California statements?

8 THE WITNESS: Yeah.

9 MR. PEDDIE: Well, go back in May.

10 THE WITNESS: Schedule L, notes payable
11 long-term.

12 BY MR. BILLER:

13 Q What do you see?

14 A Notes payable long-term.

15 Q What does that mean?

16 A It's in the notes payable, the
17 4,000,300.

18 Q What does that indicate to you?

19 A It's in the liability account. It's
20 not -- it's not in the capital account.

21 Q If there were any loans made to the
22 company, would that be included in the tax returns?

23 A On the schedule.

24 Q On the schedules?

25 A Yes.

1 Q Can you please find if any loans were
2 made to the company?

3 A On the schedule here, not necessarily
4 the schedule itself.

5 Q So is there any information in the U.S.
6 tax return that will indicate that
7 Hillshore Investments received a loan in 2014?

8 A I don't believe so.

9 MR. PEDDIE: Objection, it's calling for her to
10 go through an entire tax return that she did not
11 prepare.

12 MR. BILLER: That's not an objection. That's a
13 speaking statement.

14 MR. PEDDIE: Can you give her time to go
15 through it, then?

16 MR. BILLER: Of course I can. I'll give her
17 all the time she needs.

18 MR. PEDDIE: All right.

19 THE WITNESS: I don't believe it's here. It's
20 a schedule that's given to the tax CPA to classify that
21 as such.

22 MR. BILLER: Okay.

23 BY MR. BILLER:

24 Q But wouldn't it be noted in the tax
25 return?

1 A It's here. It's on the statement 7 and
2 schedule but not the actual detail, if you're asking
3 for that.

4 Q There's \$4 million looking on the
5 schedule and the other page; right?

6 A Yes.

7 Q You don't know if that's loans, do you?

8 A It's classified as notes payable.

9 Q Is that a loan?

10 A Yes. A notes payable is a loan.

11 Q Okay. So when did -- how many loans did
12 Hillshore -- Thomas Wylde have?

13 A I don't remember.

14 Q Okay. Now, to determine the loans for
15 that document, you would have to go back to QuickBooks
16 and the backup; right?

17 A Yes.

18 Q So what type of backup would you need to
19 look at or find to confirm there were loans in that
20 amount?

21 A Promissory note.

22 Q That's it?

23 A Yes.

24 Q How about money coming in representing
25 the loan?

1 A Yes. Money coming into the bank
2 supported by the notes payable, the promissory note.

3 Q Okay. And so when a loan is to be
4 converted in equity, that would have an impact on the
5 tax return information; right?

6 A Yes.

7 Q You would have more equity than \$700;
8 correct?

9 A Yes.

10 MR. PEDDIE: Objection, it's calling for an
11 expert opinion.

12 BY MR. BILLER:

13 Q And 2014 tax return is prepared sometime
14 in 2015; right?

15 A Yes.

16 Q And when was this Exhibit 75 prepared?

17 A 75?

18 Q No, 2014 tax return.

19 A 74.

20 Q 74, thank you. When was it prepared?

21 A I don't remember. September 10, 2015.

22 Q September 10, 2015. So if any loans in
23 2014 were converted to equity in 2014, should it be
24 reflected as a loan or equity?

25 A Say that again.

1 Q When conversion of a loan takes place in
2 2015 -- you know, before January 1, 2016, and when a
3 loan is converted to equity before 2015 in 2014, how
4 should it be described in the tax return; as a loan or
5 equity?

6 A It would have been classified as an
7 equity.

8 Q Thank you. Who is identified as the
9 partner in that tax return for 2014?

10 A There's Hillshore.

11 Q And how much capital contribution did it
12 make?

13 A I'm only showing the profit sharing in
14 his K-1. I'm only showing the profit sharing and loss
15 sharing in K-1.

16 Q You're only showing losses?

17 A No. The percentage of profit sharing
18 and loss sharing and the losses. I can't seem to find
19 the investment in here.

20 Q Why not?

21 A I don't know where to look here.

22 Q Can I see that real quick, Exhibit 74.
23 The reason you can't find it is because it's all blank.
24 This is highly unusual. It states here under
25 Hillshore Investments profit sharing to be 45 percent;

1 correct?

2 A Yes.

3 Q Okay. So that means Hillshore has 45
4 percent interest in Thomas Wylde; correct?

5 A The profit sharing.

6 Q Profit sharing?

7 A Yes.

8 Q But isn't profit sharing equal to its
9 investment interest?

10 A I can't tell from that.

11 Q Okay. All right.

12 A I think you have to ask the tax CPA how
13 they determined that.

14 Q And this loss sharing 100 percent, do
15 you see that?

16 A Yes.

17 Q You saw that; right?

18 A Yes.

19 Q And then there is ownership of capital
20 45 percent; right?

21 A Yes.

22 Q Okay. And ownership of capital, that is
23 a percentage of equity owned; correct?

24 A I believe so.

25 MR. PEDDIE: Objection, calls for --

1 BY MR. BILLER:

2 Q Say that again.

3 A I believe so.

4 Q This Exhibit 74 is a tax return for
5 Thomas Wylde for 2014, and it shows that in 2014 it had
6 a 45 percent equity -- ownership of capital of 45
7 percent; correct?

8 A Yes.

9 Q Okay. That information is completely
10 inconsistent with Exhibit 65 that shows \$2.3 million
11 loan conversion to equity into Thomas Wylde; correct?

12 MR. PEDDIE: Objection, calls for a legal
13 opinion and an expert opinion.

14 THE WITNESS: In numbers, yes.

15 MR. BILLER: Thank you. Let's take a break.

16 (Break taken: 11:32 a.m. - 11:37 a.m.)

17 BY MR. BILLER:

18 Q Would you please find, if there is any,
19 information in Exhibit 74 that relates to loans made to
20 Thomas Wylde in 2014?

21 A The line that I showed you earlier, the
22 one that says "Notes Payable" on it.

23 Q Does it indicate how much?

24 A 4,300,000.

25 Q 4,300,000?

1 A Yes.

2 Q But it doesn't indicate where that money
3 came from?

4 A Not specifically.

5 Q Would the QuickBooks note that?

6 A Yes.

7 MR. BILLER: Okay. Let's go ahead and mark the
8 next document in order.

9 (Exhibit 75 was marked for
10 identification by the Certified Shorthand
11 Reporter and is attached hereto.)

12 BY MR. BILLER:

13 Q Do you know what Exhibit 75 is?

14 A Yes.

15 Q What is it?

16 A It's an account schedule for advance to
17 PDTW LLC.

18 Q And is this an indication of monies
19 going to PDTW?

20 A Not necessarily. It looks like it's
21 payments on behalf. Payments made by Thomas Wylde on
22 behalf of PDTW.

23 Q Now, is there a calculation at the
24 bottom at the end of September 2015?

25 MR. PEDDIE: Dimitrios, I'm going to object on

1 the grounds of relevance, this entire line of
2 questioning. It seems to be more about the bankruptcy
3 proceedings.

4 MR. BILLER: Please.

5 MR. PEDDIE: Just give me a standing objection,
6 and we'll be done with it.

7 MR. BILLER: Yeah.

8 MR. PEDDIE: Do you give me that? Do you?

9 MR. BILLER: Yes. State your objection.
10 That's fine.

11 BY MR. BILLER:

12 Q Do you see that bottom line entry
13 4,425,996.71? Do you see that?

14 A Yes.

15 Q That's dated September 15, 2015. And
16 this document starts on September 2, 2015 -- no,
17 September 2, 2014, I'm sorry.

18 A Yes.

19 Q So what is all the information dated
20 from September 2, 2014, to December 15, 2015, indicate
21 to you?

22 A These, I believe, are liabilities.

23 Q Where did you see the negative?

24 A It doesn't say negative in it.

25 Q But you believe this is liabilities.

1 A These are payments to this these
2 vendors.

3 Q Okay. So this document indicates that
4 \$4,425,996.71 was paid to vendors?

5 A Yes, I believe so.

6 Q And the bottom beneath that it shows
7 advance from PDTW for a total amount of 88,300?

8 A Yes.

9 Q What does the advance mean? Is that
10 money PDTW was paying out?

11 A Some transaction looks like a fund
12 transfer from PDTW account to TW, and some looks like a
13 collection from customers for invoices -- customers'
14 invoices related to PDTW.

15 Q I want you to compare the number
16 4,425,996.71 to the information on the 2014 tax return,
17 which is Exhibit 74. You have it in front of you.

18 A How do you want me to compare?

19 Q I'll tell you. Did Thomas while operate
20 on a fiscal year or calendar year?

21 A Calendar year.

22 Q Actually, it's this one. It's 73. I
23 want you to look at. If Exhibit 75 indicates a loss
24 for Thomas Wylde in 2015, a magnitude of 4,425,000,
25 shouldn't that be reflected in the tax return?

1 A Say that again.

2 Q If Exhibit Number 75 shows a loss of at
3 least \$4,425,000 --

4 MR. PEDDIE: Objection, mischaracterizes the
5 exhibit.

6 MR. BILLER: Can I finish my question? Can I
7 finish my question?

8 MR. PEDDIE: You may finish your question.

9 MR. BILLER: Thank you.

10 BY MR. BILLER:

11 Q If Exhibit Number 75 indicates at least
12 a \$4 million loss for 2015 related to Thomas Wylde,
13 that would be consistent with the \$4,538,000 entry made
14 on line 19 on the 1065 form.

15 MR. PEDDIE: Objection, mischaracterizes the
16 exhibit and calls for an expert opinion.

17 THE WITNESS: Line 19 is employee benefits
18 programs.

19 BY MR. BILLER:

20 Q Line 20, I'm sorry.

21 A And Exhibit 75 is a balance sheet
22 account. It's a liability account. It's not an
23 operating loss account. So this is like an advance to
24 advance from account, which is PDTW and TW owing each
25 other.

1 Q So that's what 75 reflects?

2 A Yes.

3 MR. PEDDIE: I'm okay with this exhibit being
4 used. But obviously she can't authenticate it, so I
5 object to it.

6 BY MR. BILLER:

7 Q Are you familiar with any QuickBooks
8 accounts for samples?

9 A Yes.

10 Q What is that?

11 A It's an expense account.

12 Q And it's an expense account recognizing
13 the amount of money generated by Thomas Wylde or PDTW
14 selling samples; right?

15 A No. It's a sample cost, producing the
16 sample.

17 Q Oh, producing the sample?

18 A Yes.

19 Q Is there anything in QuickBooks that
20 recognizes the money generated from the sale of
21 samples?

22 A It should be on the -- it should be on
23 the income account. It could be a sale account in
24 there on a revenue side.

25 Q So it could be an entry that talks about

1 sample sales?

2 A Not -- maybe not specific. Probably a
3 generic account like sales.

4 Q Did you ever see QuickBooks accounts for
5 PDTW?

6 A Briefly.

7 Q Now, this has always bothered me about
8 this case. Well, a lot of things have bothered me
9 about it. Here you have a business, PDTW, that shuts
10 down essentially. It stops business operations in
11 2015, July 2015. And a new company is formed in July
12 2015 called Thomas Wylde.

13 A 2014.

14 Q 2014 called Thomas Wylde.

15 A And the reason that company is created
16 is to shield or protect the members and the owners from
17 any debt that is owed by PDTW.

18 MR. PEDDIE: Objection, assumes facts.

19 MR. BILLER: That's what Schnider testified to.

20 BY MR. BILLER:

21 Q And it was essentially a new company to
22 protect itself from paying any of its creditors the
23 money it owed. So shouldn't -- in normal
24 circumstances, shouldn't the QuickBooks data be
25 transferred to the Thomas Wylde data, QuickBooks?

1 A Thomas Wylde data transferred to?

2 Q The PDTW QuickBooks data be transferred
3 to Thomas Wylde QuickBooks data.

4 A No. It's still a different company.

5 Q So the company started new?

6 A Yes.

7 Q Okay. Started with a clean slate?

8 A Yes.

9 Q Didn't owe any money?

10 A Yes.

11 Q And all the losses were left with PDTW;
12 right?

13 A Whatever the transaction is left in
14 there.

15 Q So if PDTW owned, you know, loans and
16 those weren't transferred to Thomas Wylde, Thomas Wylde
17 had no obligation to pay them; right?

18 MR. PEDDIE: Objection, calls for a
19 hypothetical. Calls for a legal opinion.

20 THE WITNESS: It's not Thomas Wylde loans, yes.

21 BY MR. BILLER:

22 Q Do you know how the Great Depression was
23 caused? Do you know how the Great depression was
24 caused?

25 A No.

1 Q Companies and corporations would set up
2 sister corporations and then put all the debt into
3 these sister corporations?

4 A Okay.

5 Q And the mother corporation only had the
6 revenue. So all these companies -- mother companies
7 showed great profits and lots of revenue until one
8 company was discovered to have all the debt of a sister
9 company. And that's what caused the Great Depression.
10 Did you know that?

11 A No.

12 Q You know there are laws against that now
13 to prevent that from happening? Do you know that?

14 A I'm not aware of it.

15 Q Have you ever worked with the accounting
16 firm that prepared the tax returns?

17 A Worked with? Coordinate you mean?

18 Q Yes.

19 A Yes.

20 Q Does the person who prepares the tax
21 return, does that person speak English?

22 A Who are you talking about?

23 Q Well, this letter is signed by
24 Hong Kim -- Kyu Hong Kim, do you know that entity?

25 A No. I know Alison, but I don't know

1 what -- it might be a Korean name.

2 Q Is that the person you dealt with?

3 A Yes.

4 Q And what is her last name?

5 A I can't remember. Alison -- I believe
6 she's on this. It could be Kim. I'm not sure. I
7 don't remember.

8 Q Okay. All right. Let me just have a
9 one-minute break.

10 (Break taken: 11:50 a.m. - 11:54 a.m.)

11 BY MR. BILLER:

12 Q Now, we just finished talking about the
13 money or the debt that would not have been necessarily
14 transferred over but the clothes were. Isn't that
15 right?

16 A Excuse me? Say that --

17 Q Thomas Wylde simply took the assets of
18 PDTW and sold the clothes; right?

19 A I believe that was the intention at that
20 time?

21 Q So it left all the debt with PDTW, but
22 it --

23 MR. PEDDIE: Objection, calls for legal
24 opinion.

25 ///

1 BY MR. BILLER:

2 Q -- but it took the clothing and the name
3 and the brand of the company and sold those; right?

4 MR. PEDDIE: Objection, calls for a legal
5 opinion.

6 BY MR. BILLER:

7 Q The clothes, it sold the clothes.

8 A There was a cut-off season.

9 Q But they still sold the clothes that
10 were --

11 A After the -- when Thomas Wylde was
12 created, it started with its own season.

13 Q But what did they do with the
14 clothes that Paula PDTW had already manufactured and
15 had on sale before July 22, 2014? Did they throw it
16 away?

17 A No. It was invoiced under PDTW. That's
18 why we have these advances. So whatever collection is
19 in there it goes to this account, advances to advances
20 from. And so when that happened, invoices pertaining
21 to PDTW stayed in PDTW books.

22 Q So people works on the PDTW books?

23 A Yes.

24 Q And so those books should show what
25 property was sold; right?

1 A Yeah, it should.

2 Q Okay. Are you sure that the property
3 that was sold belonging to PDTW wasn't put on the books
4 for Thomas Wylde?

5 A I'm not sure. I can't remember.

6 Q All right. Now, were you in the meeting
7 where Jene Park and John Hanna were trying to find a
8 description for Paula Thomas's job?

9 MR. PEDDIE: Objection, assumes facts.

10 BY MR. BILLER:

11 Q Go ahead. Answer.

12 A Say that again.

13 (The record was read by the Certified
14 Shorthand Reporter.)

15 THE WITNESS: I don't remember what particular
16 meeting, but there were meetings discussing certain
17 things. Not the details, though.

18 BY MR. BILLER:

19 Q Let's talk about the meetings that you
20 attended in which Paula Thomas was discussed. How many
21 of those meetings did you have?

22 A A few times, maybe two or three.

23 Q And isn't it true that they did a Google
24 search for a creative director while Paula Thomas was
25 there?

1 A I don't know.

2 Q You're not saying there was no meeting?

3 A I wasn't saying there was no such
4 search, but I don't know.

5 Q All right. I'll pass.

6 MR. PEDDIE: Okay.

7

8 EXAMINATION

9 BY MR. PEDDIE:

10 Q Do you recall earlier when Mr. Biller
11 was talking about how the year end figure for capital
12 contributions for the year of 2015 --

13 A Mr. Biller is him; right?

14 Q Yes.

15 A You called him "Dimitrios."

16 Q Came to 7.5 million?

17 A Say that again.

18 Q We were looking at Thomas Wylde's 2015
19 tax return earlier.

20 A Yes.

21 Q And tell me if I'm mischaracterizing
22 this, but we came up with total contributions from
23 Hillshore of \$7.5 million in that return. Do you
24 recall that?

25 MR. BILLER: Misstates facts not in evidence.

1 THE WITNESS: Yeah, I think it's 2015.

2 BY MR. PEDDIE:

3 Q All right. We do have several copies of
4 the 2015 return. I refer you to the K1 of the 2015
5 return. Can you find on that page of the return where
6 it lists Hillshore's capital contributions for that
7 year?

8 A Yes. It says capital contributed during
9 the year.

10 Q And what is the figure given?

11 A \$7,500,013.

12 Q And do you recall earlier when
13 Mr. Biller was trying to sort out with you how that
14 number ever became \$9,000,013?

15 A Yes.

16 MR. BILLER: Misstates and mischaracterizes the
17 question and response.

18 BY MR. PEDDIE:

19 Q Do you remember when Mr. Biller was
20 referring you to the Third Amended Exhibit B and
21 talking about Hillshore Investments capital account
22 balance?

23 A Yes.

24 Q And do you remember when he asked you
25 what the amount of the Hillshore Investment capital

1 contribution was? Do you remember talking about this?

2 A Yes.

3 Q And what figure is shown on
4 Third Amended Exhibit B, which is Exhibit 72 to this
5 deposition?

6 A He referred to the last line, which is
7 \$9,000,013.

8 Q Okay. So on tax return, we see
9 \$7,500,013. We just went through that. On Amended
10 Exhibit B we see \$9,000,013. And another source that
11 we looked at earlier, what was this transmittal form?

12 A That's 68.

13 Q I'm referring to what is shown as
14 Exhibit A to Exhibit 68 to this deposition. Would you
15 please read the title of Exhibit A for us.

16 MR. BILLER: I just want to interpose an
17 objection. This is the same exact page of the document
18 I introduced that Counsel put in front of the witness
19 on my direct examination and pointed to to distract
20 her. It's been tainted.

21 MR. PEDDIE: And I'm trying to clear that up,
22 Mr. Biller.

23 BY MR. PEDDIE:

24 Q Would you please read the first caption
25 to Exhibit 68 to this deposition?

1 A [As read] "Exhibit A to agreement to
2 purchase membership interest."

3 Q And what is the sort -- sub-caption?

4 A "Payment Schedule."

5 Q And do you see some -- do you see a
6 table set forth on this page?

7 A Yes.

8 Q And in terms of this payment schedule,
9 when is the first payment due?

10 A It was dated 11/15/2015.

11 Q And how much is asked for on that date?

12 A For 500,000.

13 Q Do you see some other payments scheduled
14 in that table?

15 A Yes.

16 Q How many more?

17 A Four more.

18 Q And in what year are these to be paid?

19 A 2016.

20 Q And in these four payments, how much
21 total -- if you don't mind adding them -- is to be paid
22 in 2016?

23 A It's 1.5 million?

24 Q Okay. So if you add 1.5 million to the
25 \$7,500,013 shown in 2015 tax return, what figure do you

1 get?

2 MR. BILLER: One second. Clearly irrelevant,
3 immaterial, intentionally misleading the witness by
4 comparing payments in 2016 with a tax return in 2015
5 and misleading.

6 BY MR. PEDDIE:

7 Q What figure -- you may answer. What
8 figure do you get when you add the payments that
9 Hillshore committed to pay in 2016 which is how much
10 again?

11 A 1,500,000.

12 Q To the capital contributed during the
13 year according to the 2015 tax return?

14 A \$9,000,013.

15 MR. PEDDIE: Thank you. No more questions.

16 MR. BILLER: Now I'll clear this up to show how
17 misleading and dishonest that was.

18

19 FURTHER EXAMINATION

20 BY MR. BILLER:

21 Q On the 2015 tax return, whatever
22 happens in 2016 is immaterial; correct?

23 MR. PEDDIE: Objection, mischaracterizes the
24 law. It calls for a legal opinion.

25 ///

1 BY MR. BILLER:

2 Q You can answer the question.

3 A No, not really.

4 Q So you can you can take capital
5 contributions that were supposed to be paid in
6 2016 --

7 MR. PEDDIE: Mr. Biller, can you sit down?

8 BY MR. BILLER:

9 Q -- and add them to the capital
10 contribution for 2015 tax return. Is that what you're
11 saying?

12 MR. PEDDIE: Mr. Biller, please sit down. Can
13 we go off the record for just one second?

14 MR. BILLER: No, we can't.

15 BY MR. BILLER:

16 Q You can answer the question.

17 MR. PEDDIE: Calls for a legal opinion,
18 objection.

19 BY MR. BILLER:

20 Q Is that what you're saying?

21 MR. PEDDIE: Objection, calls for a legal
22 opinion.

23 THE WITNESS: I was going to say there is some
24 subsequent events in the accounting that may affect the
25 previous year.

1 BY MR. BILLER:

2 Q That may affect?

3 A Yes.

4 Q What sequence of events occurred that
5 affected this case tax returns for 2015 and capital
6 contributions in 2016? What sequence of events?

7 MR. PEDDIE: Objection, relevance. Objection,
8 calls for legal opinion.

9 THE WITNESS: This is November 15, related to
10 November 15 transaction. Although the payment might
11 have been made in 2016, this is a transaction that
12 transpired in 2015.

13 BY MR. BILLER:

14 Q That doesn't make any sense either;
15 because that says \$9,000,013, and the previous document
16 on the tax return says 7 million. I'm asking you what
17 facts affected -- what sequence of facts affected this
18 irrational thought that monies contributed to
19 Thomas Wylde in 2016 can be added to a 2015 tax return?

20 MR. PEDDIE: Objection, calls for a legal
21 opinion.

22 THE WITNESS: I just need to go back through
23 this.

24 MR. BILLER: You need to go back to explain
25 this one. You really need to go back.

1 You just jeopardized the integrity of the
2 witness, buddy.

3 MR. PEDDIE: No, I didn't. Mr. Biller, in
4 California a commitment to contribute money in the
5 future is a proper capital contribution by law.

6 MR. BILLER: It's not on a tax return.

7 MR. PEDDIE: You ought to know this. It's a
8 legal matter.

9 MR. BILLER: Make it to the jury. Just make it
10 to the jury.

11 MR. PEDDIE: You need to show some knowledge --

12 MR. BILLER: I don't want to hear it --

13 MR. PEDDIE: -- partnership taxation rules.

14 MR. BILLER: The witness is here. Stop
15 speaking. The witness is here.

16 MR. PEDDIE: These are not part of her
17 providence.

18 MR. BILLER: Would you please stop speaking in
19 front of the witness. Can you do that? You already
20 showed your propensity to shove documents in her
21 face --

22 MR. PEDDIE: I showed her one number.

23 MR. BILLER: Stop speaking in front of the
24 witness.

25 MR. PEDDIE: I showed her one number. Let the

1 record reflect Mr. Biller is screaming at me.

2 MR. BILLER: Let the record reflect the
3 attorney across from me has tainted this witness.

4 MR. PEDDIE: I showed her a number --

5 MR. BILLER: Stop -- stop talking. Stop
6 talking.

7 THE WITNESS: Can I just point out this
8 Section C?

9 MR. BILLER: Sure.

10 THE WITNESS: Section C says [as read],
11 "Pursuant to its knowledge of intent to exercise its
12 opinion, purchaser hereby agrees to purchase all
13 3,300 units at the price of \$1,060.61 per unit for a
14 total exercise price of \$3,500,013 payable on the terms
15 set forth herein." And that's the 3,500,013 here, and
16 it says --

17 BY MR. BILLER:

18 Q And you're pointing to the
19 Third Amended Exhibit B?

20 A Yes, 6872. Exhibit 72.

21 Q That's the document that shows \$9
22 million contribution; right?

23 A Yes. And I read on Exhibit 66,
24 Section C. And it also says on Exhibit 66, Item
25 Number 3, which you asked me to read earlier:

1 [As read] "Consideration. In consideration for
2 the Membership Interest, Purchaser shall make a capital
3 contribution to Seller in the amount of Three Million
4 Five Hundred Thousand and Thirteen US dollars. Seller
5 acknowledges that prior to the Effective Date,
6 Purchaser advance Seller One Million Five Hundred
7 Thousand US dollars, which advance shall be applied as
8 consideration under this Agreement. Purchaser shall
9 pay the remaining balance of Two Million and
10 Thirteen" --

11 Q You're reading the document. Can you
12 get to your point, please?

13 A Well, it says, "pay the remaining
14 balance of Two Million and Thirteen US dollars pursuant
15 to the payment schedule attached hereto as
16 Exhibit 'A.'"

17 Q Okay. So you read from a document
18 signed in 2014; right? 2014?

19 MR. PEDDIE: I don't think so. I think that's
20 mischaracterizing the document.

21 MR. BILLER: This is a purchase agreement.

22 MR. PEDDIE: There were two transactions.

23 THE WITNESS: It's 2015 here.

24 BY MR. BILLER:

25 Q So what is --

1 A I --

2 Q This is an amendment to the purchase
3 agreement?

4 A Yeah.

5 Q So did Counsel meet with you and talk
6 about this document?

7 A No.

8 Q So why -- so you have the thought that
9 the tax return showing \$7.5 million in capital
10 contribution for 2015 should have been \$9 million. Is
11 that what you're saying?

12 MR. PEDDIE: Objection, mischaracterizing the
13 testimony of the witness.

14 BY MR. BILLER:

15 Q Are you saying that it should have been
16 \$9 million?

17 A No. I was just tying up the number
18 9 million.

19 Q But I'm asking you -- you're tying it
20 up. You're coming up with some theory that you didn't
21 have on your own; correct?

22 A No. I just realized now the total.

23 Q You just realized this minute; correct?

24 A Yes.

25 Q This minute, 12 afternoon after three

1 hours of cross-examination, you just realized that this
2 theory existed. Is that what you're telling me?

3 A I'm objecting to the relevance of all
4 this, and I'm objecting to the ongoing quiz of this
5 witness of lengthy documents that she did not prepare
6 and not sign.

7 BY MR. BILLER:

8 Q You can answer my question.

9 MR. BILLER: Those are not objections.

10 MR. PEDDIE: I'm allowing some questions, but I
11 want to register that objection.

12 BY MR. BILLER:

13 Q That what you're saying?

14 A Say that again.

15 Q After three hours of cross-examination
16 over these documents, you spent five minutes with
17 opposing counsel --

18 MR. PEDDIE: When are these five minutes?
19 Objection.

20 MR. BILLER: In cross-examination. Jesus.

21 BY MR. BILLER:

22 Q And you came up with this theory; right?
23 You just realized it?

24 A I'm tying up the numbers.

25 Q I'm asking you when did you realize to

1 tie up the numbers?

2 A When I saw the total here and tying it
3 up with the 9 million.

4 Q The same exhibits that I showed you?

5 A Yes.

6 Q The same exhibits that I said to you
7 these are inconsistent numbers, and you said yes?

8 A Yes.

9 Q The same exhibits that I said numerous
10 times these documents show inconsistent numbers; right?

11 A Yes.

12 Q And you never said, no, they're not
13 inconsistent because of these reasons. You never said
14 that; right?

15 A No, I did not.

16 Q So you came up with the first time after
17 we've had numerous breaks and you've had numerous
18 opportunities -- whether it happened or not, I don't
19 know -- you had numerous opportunities to talk with
20 Defense counsel; right?

21 MR. PEDDIE: I object.

22 THE WITNESS: I did not talk to him.

23 BY MR. BILLER:

24 Q This is the same document that is shoved
25 in your face -- he put in your face --

1 MR. PEDDIE: Objection, mischaracterizes --

2 BY MR. BILLER:

3 Q Put in your face this chart and he
4 wanted you to talk about these figures on this chart;
5 right? That happened at this deposition; right?

6 A He showed me the number, yes.

7 Q While I was cross-examining you; right?

8 A He pointed it out, yes.

9 Q When I was cross-examining you; right?

10 A Yes.

11 Q And he distracted you; right? That's
12 what you testified to, he distracted you; right?

13 A Yes.

14 Q So now why didn't you say at that time,
15 at that time when he shoved this document in your face
16 and I was asking you why are these numbers not
17 consistent, why didn't you come up with a theory just
18 tying up the numbers? Why not?

19 A It didn't occur to me at that time.

20 Q It didn't occur to you at the time when
21 I've been cross-examining up for three hours over
22 approximately 15 exhibits having all these
23 numbers -- 2014, 2015 tax returns, the check register,
24 the account transaction by QuickBooks showing a \$2.3
25 million transaction with Hillshore in 2014, and all the

1 other documents we discussed, you didn't think of it;
2 is that what you're saying?

3 A The total.

4 Q You didn't think about it?

5 A It didn't occur to me to tie up the
6 total with this --

7 Q But we talked about the \$9 million;
8 right?

9 A Yes, we did.

10 Q And Counsel shoved this paper with a
11 chart showing \$1.5 million while I was cross examining
12 you --

13 MR. PEDDIE: Objection, mischaracterizes --

14 BY MR. BILLER:

15 Q -- and you didn't think about it to
16 point it out at that time that they really were
17 consistent. Is that what you're saying?

18 A No. It's the date after that.

19 Q But he shoved the document in front of
20 you. He told -- he was essentially telling you look at
21 this document. That didn't trigger anything in your
22 mind that, Oh, maybe these numbers tie up?

23 A At that time, no.

24 Q No. Amazing. Then I finish my
25 cross-examination, and then he comes up and questions

1 you. And you all of a sudden say these numbers tie up.

2 Is that what happened?

3 A I suddenly remembered it.

4 Q After three hours you suddenly remember
5 it. Is that what happened?

6 A I remember reading this.

7 MR. PEDDIE: Objection, argumentative.

8 BY MR. BILLER:

9 Q Is that what happened, that you came up
10 with that theory when counsel for the defendants was
11 asking you questions; right?

12 A Yes.

13 Q Now, how do you know your theory is
14 right?

15 A I don't.

16 Q It's just a theory that you came up
17 with; right?

18 A No. It's --

19 Q How do you know your theory is right?

20 A Because you have the schedule here.

21 Q You just said you don't know, and now
22 you're saying because you have the schedule here.

23 Which is the truth, that you don't know or that you
24 have the schedule here? I want to know the truth.

25 A You have the schedule here.

1 Q So you now say you have the schedule.
2 So how do you know your theory is right? How do you
3 know the numbers should add up? How do you know?

4 A The balance of 1.5 is stated here
5 (indicating). The 7.5 is recorded here (indicating).
6 If you add it up, it totals up to this (indicating).
7 And this 3 million --

8 Q But you said -- you said that there was
9 \$9 million contributed as of November 15; right? 2015,
10 that's what you said?

11 A Yes, with the intention to payment
12 schedule.

13 Q No. You never said that. I want to go
14 over your testimony now. You said in your testimony
15 according to -- there should have been \$9 million
16 contributed by November 15, 2015 because that's the
17 only time this document would have been created; right?

18 A Yes.

19 Q So this document is created
20 November 15, 2015; right?

21 A Yes.

22 Q But the tax return for 2015 shows
23 7.7 million; right?

24 A Yes.

25 MR. PEDDIE: Objection --

1 BY MR. BILLER:

2 Q In 2015 there is supposed to be
3 \$9 million. The tax return only shows \$7 million;
4 right?

5 A Yes.

6 MR. BILLER: Thank you. No further questions.

7 BY MR. BILLER:

8 Q You've just ruined your credibility,
9 ma'am. At the time of trial, I'm going to really show
10 the jury that you are in the pocket of Choi and
11 Plaintiff's counsel. He coached you. He made you
12 change your testimony.

13 MR. PEDDIE: I have some additional questions.

14

15 FURTHER EXAMINATION

16 BY MR. PEDDIE:

17 Q Ms. Rafols, we've had various breaks
18 today.

19 A Yes.

20 Q During these breaks, did we discuss
21 anything having to do with the case at any point in
22 time?

23 A No. You went out, and I just stayed and
24 got water.

25 MR. BILLER: Okay. Do you know there is a jury

1 instruction that says if a witness can't be believed in
2 one area, you can't believe anything that witness says?

3 MR. PEDDIE: Objection, mischaracterizes the
4 jury instruction.

5 MR. BILLER: How many chases have you tried in
6 California?

7 MR. PEDDIE: Enough.

8 MR. BILLER: How many.

9 MR. PEDDIE: I'm not on the stand here.

10 MR. BILLER: None. Zero. You never tried a
11 case in California. Zero. I know that for a fact.
12 You are not a trial lawyer. You're a litigator.

13 I propose the following stipulation: That the
14 transcript be prepared within two weeks; that the
15 transcript be sent directly to the witness. She will
16 have one week.

17 MR. PEDDIE: No. Two weeks.

18 MR. BILLER: One week.

19 MR. PEDDIE: Two weeks.

20 MR. BILLER: Do it by code. She has to come
21 back. Do it by code.

22 MR. PEDDIE: What do you mean "Do it by code"?

23 MR. BILLER: The court reporter will maintain
24 custody and control of the transcript.

25 MR. PEDDIE: Why does she need -- it's a half

1 day. One week? All right.

2 MR. BILLER: Let me start over. Why do you
3 think you can always out trick me?

4 MR. PEDDIE: I don't.

5 MR. BILLER: I don't. It's only the part about
6 me beating you every time in the courtroom. That might
7 have something to do with it.

8 MR. BILLER: You know --

9 MR. PEDDIE: Let the record reflect I have
10 Mr. Biller standing in front of me in my fact --

11 MR. BILLER: No, leaning forward. Winning a
12 motion, Counsel --

13 MR. PEDDIE: How about six or eight.

14 MR. BILLER: Winning 20 motions, Counsel,
15 doesn't mean you win a trial.

16 MR. PEDDIE: I retract the comment. I feel bad
17 about it. It was a stupid comment to make.

18 MR. BILLER: I propose the following
19 stipulation: The court reporter be relieved of his
20 duties under the California Code of Civil Procedure and
21 Federal Rules of Civil Procedure.

22 The transcript will be prepared within two
23 weeks and sent to the witness. The witness will have
24 one week to read the transcript, make any changes she
25 wants to the transcript, sign the transcript under

1 penalty of perjury, and send me the original
2 transcript.

3 Can you provide the witness with a
4 self-addressed stamped envelope so that she can easily
5 put the transcript in the envelope and drop it in the
6 mail?

7 THE REPORTER: Yes.

8 MR. BILLER: So if the original is lost,
9 destroyed, misplaced or damaged in any way, a certified
10 copy may be used in lieu of the original. I will keep
11 custody and control of the original. I will make the
12 original available upon reasonable notice for any
13 hearing and for trial.

14 MR. PEDDIE: For any hearing or for trial?

15 MR. BILLER: Yeah.

16 MR. PEDDIE: Or just in general if I request it
17 may I please have access to it?

18 MR. BILLER: The original? Aren't you getting
19 a certified copy?

20 MR. PEDDIE: If I need to see it.

21 MR. BILLER: If you need to see the original?
22 Why would you need to see the original?

23 MR. PEDDIE: If I do.

24 MR. BILLER: No. That's not part of the
25 stipulation. We'll go by code.

1 MR. PEDDIE: Carry on.

2 MR. BILLER: So stipulated.

3 MR. PEDDIE: So stipulated.

4 THE REPORTER: Counsel, would you like to order
5 a copy of the transcript?

6 MR. PEDDIE: Not at this time.

7

8 (Deposition concluded at 12:20 p.m.
9 Declaration under penalty of perjury on the
10 following page hereof.)

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I DO SOLEMNLY DECLARE UNDER PENALTY OF
PERJURY THAT THE FOLLOWING IS MY DEPOSITION UNDER OATH;
THAT THESE ARE THE QUESTIONS ASKED OF ME AND MY ANSWERS
THERE TO; THAT I HAVE READ SAME AND HAVE MADE THE
NECESSARY CORRECTIONS, ADDITIONS, OR CHANGES TO MY
ANSWERS THAT I DEEM NECESSARY.

IN WITNESS WHEREOF, I HEREBY SUBSCRIBE
MY NAME THIS _____ DAY OF _____, 20____.

WITNESS SIGNATURE

CERTIFICATION
OF
CERTIFIED SHORTHAND REPORTER

I, the undersigned, a Certified
Shorthand Reporter of the State of California do hereby
certify:

That the foregoing proceedings were
taken before me at the time and place herein set forth;
that any witnesses in the foregoing proceedings, prior
to testifying, were placed under oath; that a verbatim
record of the proceedings was made by me using machine
shorthand which was thereafter transcribed under my
direction; further, that the foregoing is an accurate
transcription thereof.

I further certify that I am neither
financially interested in the action nor a relative or
employee of any attorney of any of the parties.

IN WITNESS WHEREOF, I have this date
subscribed my name



Damon M. LeBlanc, CSR No. 11958

Dated: September 1, 2017

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145:9,22 146:2,14	wylde 1:5,6,10 2:5	43:14 47:2 57:14
146:15,19,24	2:6,10 4:10,15 5:6	94:24 99:18 100:1
147:3,7,10 148:23	5:8 6:18 9:7 14:13	100:19 104:1
149:13 150:5	14:16 20:2,8,9,12	130:20,20,21
151:22 157:1,2,15	20:16 21:12,17,20	139:11,12 140:7,9
158:23,23 159:3	21:24 22:1,4,13,15	142:18 143:13
161:12,16 162:19	23:1,18 24:16,24	144:25
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woman 94:16	29:23 30:2 36:22	23:8,12 25:6
word 35:9 86:16	36:25 37:4 40:8	47:19 75:14 76:3
86:18 115:4	42:19 50:18 51:2	79:10 104:19
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work 16:4,7 18:8	59:12 62:3 72:14	yesterday 20:21
18:10,12,19 19:6	73:13 75:16 76:2	z
20:2 22:18 23:6	78:23 81:12 91:6	zero 105:24
27:20 28:8,14,21	93:13 98:7 99:3	157:10,11
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94:21,22 114:15	104:22 118:4,18	
115:1,19 116:9	120:11 123:12	
117:2,5	126:4 127:5,11,20	
worked 16:20,22	128:21 130:24	
16:25,25 17:4	131:12 132:13	

California Code of Civil Procedure

Article 5. Transcript or Recording

Section 2025.520

(a) If the deposition testimony is stenographically recorded, the deposition officer shall send written notice to the deponent and to all parties attending the deposition when the Original transcript of the testimony for each session of the deposition is available for reading, correcting, and signing, unless the deponent and the attending parties agree on the record that the reading, correcting, and signing of the transcript of the testimony will be waived or that the reading, correcting, and signing of a transcript of the testimony will take place after the entire deposition has been concluded or at some other specific time.

(b) For 30 days following each notice under subdivision (a), unless the attending parties and the deponent agree on the record or otherwise in writing to a longer or shorter time period, the deponent may change the form or the substance of the answer to a question, and may either approve the transcript of the deposition by signing it, or

refuse to approve the transcript by not signing it.

(c) Alternatively, within this same period, the deponent may change the form or the substance of the answer to any question and may approve or refuse to approve the transcript by means of a letter to the deposition officer signed by the deponent which is mailed by certified or registered mail with return receipt requested. A copy of that letter shall be sent by first-class mail to all parties attending the deposition.

(d) For good cause shown, the court may shorten the 30-day period for making changes, approving, or refusing to approve the transcript.

(e) The deposition officer shall indicate on the original of the transcript, if the deponent has not already done so at the office of the deposition officer, any action taken by the deponent and indicate on the original of the transcript, the deponent's approval of, or failure or refusal to approve, the transcript. The deposition officer shall also notify in writing the parties attending the deposition of any changes which the deponent timely made in person.

(f) If the deponent fails or refuses to approve the transcript within the allotted period, the

deposition shall be given the same effect as though it had been approved, subject to any changes timely made by the deponent.

(g) Notwithstanding subdivision (f), on a seasonable motion to suppress the deposition, accompanied by a meet and confer declaration under Section 2016.040, the court may determine that the reasons given for the failure or refusal to approve the transcript require rejection of the deposition in whole or in part.

(h) The court shall impose a monetary sanction under Chapter 7 (commencing with Section 2023.010) against any party, person, or attorney who unsuccessfully makes or opposes a motion to suppress a deposition under this section, unless the court finds that the one subject to the sanction acted with substantial justification or that other circumstances make the imposition of the sanction unjust.

DISCLAIMER: THE FOREGOING CIVIL PROCEDURE RULES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THE ABOVE RULES ARE CURRENT AS OF SEPTEMBER 1, 2016. PLEASE REFER TO THE APPLICABLE STATE RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

VERITEXT LEGAL SOLUTIONS
COMPANY CERTIFICATE AND DISCLOSURE STATEMENT

Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

Veritext Legal Solutions is committed to maintaining the confidentiality of client and witness information, in accordance with the regulations promulgated under the Health Insurance Portability and Accountability Act (HIPAA), as amended with respect to protected health information and the Gramm-Leach-Bliley Act, as amended, with respect to Personally Identifiable Information (PII). Physical transcripts and exhibits are managed under strict facility and personnel access controls. Electronic files of documents are stored in encrypted form and are transmitted in an encrypted fashion to authenticated parties who are permitted to access the material. Our data is hosted in a Tier 4 SSAE 16 certified facility.

Veritext Legal Solutions complies with all federal and State regulations with respect to the provision of court reporting services, and maintains its neutrality and independence regardless of relationship or the financial outcome of any litigation. Veritext requires adherence to the foregoing professional and ethical standards from all of its subcontractors in their independent contractor agreements.

Inquiries about Veritext Legal Solutions' confidentiality and security policies and practices should be directed to Veritext's Client Services Associates indicated on the cover of this document or at www.veritext.com.

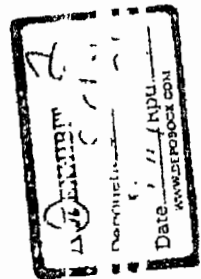
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Actual Basis

THOMAS WYLDE LLC
Transactions by Account
All Transactions

Type	Date	Memo	Debit	Credit	Balance
Notes Payable - Long Term					
Notes Payable - Hillshore Contr					
Deposit	08/26/2014	INCOMING DOMESTIC WIRE WIRE IN 1/HILLSHORE		600,000.00	600,000.00
Deposit	09/18/2014	INCOMING DOMESTIC WIRE WIRE IN HILLSHORE		350,000.00	950,000.00
Deposit	10/14/2014	Fund transfer from Hillshore, Inv.		350,000.00	1,300,000.00
Deposit	11/13/2014	\$500K loan to Thomas Wylde-LLC, to be converted to Equity in		500,000.00	1,800,000.00
Deposit	12/12/2014	December Funding 2014		500,000.00	2,300,000.00
General	12/31/2014	To reclass Hillshore loan to Equity	2,300,000.00		0.00
Transfer	02/26/2016	Funds Transfer		249,975.00	249,975.00
General	02/26/2016	bank fee		25.00	250,000.00
Deposit	03/29/2016	Deposit		250,000.00	500,000.00
Deposit	04/15/2016	Deposit		200,000.00	700,000.00
Deposit	04/26/2016	Deposit		200,000.00	900,000.00
Deposit	05/16/2016	Deposit		674,000.00	1,574,000.00
Deposit	05/26/2016	Deposit		277,000.00	1,851,000.00
Deposit	06/15/2016	Deposit		80,000.00	1,931,000.00
Deposit	06/27/2016	Deposit		100,000.00	2,031,000.00
Deposit	06/30/2016	Deposit		280,000.00	2,311,000.00
Deposit	07/13/2016	375K		375,000.00	2,686,000.00
Deposit	08/16/2016	Deposit		250,000.00	2,936,000.00
Deposit	09/02/2016	Deposit		200,000.00	3,136,000.00
Deposit	10/31/2016	99,891.12		100,000.00	3,236,000.00
Deposit	11/03/2016	Deposit		25,000.00	3,261,000.00
General	11/04/2016	pay off -MURPHY ROSEN/Friday, November 4, 2016 3:52 55		35,000.00	3,296,000.00
Deposit	12/01/2016	Deposit		70,000.00	3,366,000.00
Deposit	12/09/2016	Deposit		55,000.00	3,421,000.00
Deposit	01/04/2017	Deposit		65,000.00	3,486,000.00
Deposit	01/17/2017	Deposit		60,000.00	3,546,000.00
Deposit	02/07/2017	Deposit		65,000.00	3,611,000.00
Deposit	02/13/2017	Deposit		60,000.00	3,671,000.00
Total Notes Payable - Hillshore Contr			2,300,000.00	5,971,000.00	1,671,000.00
Total Notes Payable - Long Term			2,300,000.00	5,971,000.00	1,671,000.00
TOTAL			2,300,000.00	5,971,000.00	3,671,000.00



PLAINTIFF EXHIBIT 65
For Identification
Witness: MELROY RAFAEL
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

EXHIBIT NO. 32
For Identification
Witness: ENILU GONZALEZ
Date: 7-31-2017
Damon M. LeBlanc, CSR No. 11958

AGREEMENT TO PURCHASE MEMBERSHIP INTEREST

This Agreement to Purchase Membership Interest (the "Agreement") is entered into by and between Thomas Wylde, LLC, a California limited liability company ("Seller"), and Hillshore Investments, a Panamanian corporation with its principal place of business located at Calle 53 Este, Urbanización Marbella, Torre MMG, 2, Ciudad de Panamá, Panamá ("Purchaser"), effective November 5, 2015 (the "Effective Date").

RECITALS

A. Seller is a California limited liability company, formed on July 22, 2014, pursuant to Articles of Organization of a Limited Liability Company filed with the California Secretary of State. Seller operates pursuant to an Operating Agreement entered into on or about July 22, 2014 (the "Operating Agreement"). All Units Membership Interest in Seller are owned by John Hanna, The Palliative, LLC, Stanley Ducks, LLC, DSRB Group, LLC, Paula Thomas, and Purchaser (the "Members").

B. On August 25, 2015, John Hanna, as Manager and CEO of Seller (the "Manager") issued a Notice of Proposed Action by Written Consent and Request for Consent to the issuance of 3,300 Membership Interest Units ("Units") at a price of \$1,060.61 per Unit. On August 27, 2015, the Manager issued a Notice of Approval of Action informing the Members that a Supermajority of Members had authorized the action. Pursuant to the Operating Agreement, Member Paula Thomas had until September 11, 2015 to exercise her exclusive right to purchase some or all of the Units at the indicated price. On September 14, 2015, the Manager issued a Notice of Non-Exercise informing the Members that Paula Thomas had not exercised her option and giving notice that, pursuant to the Operating Agreement, the remaining Members had until September 28, 2015 to exercise their exclusive right to purchase some or all of the Units at the indicated price. On September 28, 2015, Purchaser exercised its option to purchase all of the Units. No other Member exercised their option. On October 13, 2015, the Manager gave notice to all Members that Purchaser had exercised the option to buy all of the Units.

C. Pursuant to its notice of intent to exercise its option, Purchaser hereby agrees to purchase all 3,300 Units at a price of \$1,060.61 per Unit, for a total exercise price of Three Million Five Hundred Thousand and Thirteen Dollars (\$3,500,013), payable on the terms set forth herein.

D. Seller and its Members desire to accept Purchaser's investment in the company and to issue new membership Units in exchange.

E. Seller's Members have approved the sale of such new membership Units to Purchaser by Supermajority, as set forth above.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Sale of the Interest. Upon the execution of this Agreement, subject to the terms and conditions herein set forth, and on the basis of the representations, warranties, and agreements herein, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, 3,300 Units of Membership Interest in the Seller. All undefined capitalized terms herein shall have the meaning ascribed by the Operating Agreement.

Agreement to Purchase Membership Interest

PLAINTIFF EXHIBIT 66
For Identification
Witness: MELDY RAFOLO
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

02235

2. Instruments of Conveyance. Upon execution hereof, this Agreement shall evidence conveyance and transfer of the Membership Interest, which shall be effective to immediately vest in Purchaser all right, title, and interest in and to all of the securities underlying the Membership Interest pursuant to this Agreement, free and clear of all liens, claims, encumbrances, and adverse interests. Such conveyance shall entitle Purchaser to all the rights of a Member under the Operating Agreement, including, without limitation, all Transferable Interests as well as any Voting Interest provided by the Operating Agreement. Seller may, at its discretion, deliver a certificate or certificates representing the Units to Purchaser, in form and substance customary in the industry. Within five (5) business days of the Effective Date, Seller shall record this Agreement in the Seller's minute book and shall amend Exhibit A to the Operating Agreement and any company membership listing to reflect the change in ownership interests.

3. Consideration. In consideration for the Membership Interest, Purchaser shall make a capital contribution to Seller in the amount of Three Million Five Hundred Thousand and Thirteen US dollars (\$3,500,013). Seller acknowledges that prior to the Effective Date, Purchaser advanced Seller One Million Five Hundred Thousand US dollars (\$1,500,000), which advance shall be applied as consideration under this Agreement. Purchaser shall pay the remaining balance of Two Million and Thirteen US dollars (\$2,000,013) pursuant to the payment schedule attached hereto as Exhibit "A."

4. Default. If Purchaser fails to make any payment set forth on Exhibit "A" within thirty (30) days of the date on which it is due, it shall be deemed a "Defaulting Member" pursuant to section 3.3 of the Operating Agreement and shall be subject to the provisions of that section relating to Defaulting Members. If Purchaser fails to cure the default within another thirty (30) days thereafter, a pro rata share of its Membership Interest, equal to the percentage of the balance of the consideration remaining due divided by the total consideration set forth in section 3, above, shall automatically revert back to the Company. Furthermore, the Company and its Members shall then have the right to repurchase the balance of Purchaser's Membership Interest subject to the provisions of Section 8 of the Operating Agreement relating to Involuntary Lifetime Transfers.

5. Purchaser Representations and Warranties. Purchaser represents and warrants to Seller as follows:

a. This Agreement and any other document, instrument, or agreement to be executed and delivered by Purchaser in connection herewith has been duly executed and delivered by the Purchaser and constitutes the legal, valid, and binding obligation of the Purchaser, enforceable in accordance with its terms.

b. Purchaser is aware that the acquisition of its Units in the company has not been registered under the securities act of 1933, as amended, or qualified under the securities laws of any state.

c. Purchaser is acquiring the Membership Interest for its own account, for investment purposes, and not with a view to the distribution thereof.

d. Purchaser understands that the sale, pledge, assignment or other transfer of its units in the company is limited by this agreement and in any event may not be effected unless (i) the transfer is registered and qualified under applicable securities laws, or is effected as a non-public offering that is exempt from the registration and qualification requirements of applicable securities laws and (ii) the person acquiring such units represents and warrants to the company and to the other

members that such person is acquiring its units in the company solely for its own account and not for the account of any other person, for investment only, and not with a view to or for sale in connection with any distribution of such units.

e. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring its Units in the Company.

f. Purchaser acknowledges that there is no guarantee that the Company will be a financial success and is able to bear the economic risk of the loss of its Units in the Company.

g. The Company has not solicited or advertised the Units in any way.

h. Purchaser has firsthand knowledge of the business and affairs of Company, has reviewed the Operating Agreement, and agrees to be bound by all of the terms and conditions of the Operating Agreement.

i. Purchaser acknowledges that the Company and the Members are relying on the foregoing representations.

6. Seller Representations and Warranties. Seller represents and warrants to Purchaser as follows:

a. Seller has not taken any action, or entered into any agreements, in any way affecting or binding Seller, its Manager, or Members and has full right, power, and authority to sell, transfer, and deliver the Membership Interest pursuant to this Agreement.

b. Seller shall transfer title in and to the Membership Interest to the Purchaser free and clear of all liens, security interests, pledges, encumbrances, charges, restrictions, demands and claims, of any kind and nature whatsoever.

c. Seller has received fair equivalent value under the terms of this Agreement.

d. Seller has the legal capacity to execute and deliver this Agreement and to effect the sale with respect to the Membership Interest.

e. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the performance of Seller's obligations hereunder will not conflict with or result in any violation of or default under any provision of any agreement or instrument by which the Seller is bound.

f. Except for any consent or approval that has been obtained and remains in full force and effect as of the date hereof, no consent, approval or authorization of, or declaration, notice, filing or registration with, any governmental or regulatory authority, or any other person, is required to be made or obtained by the Seller on or prior to the date hereof in connection with the execution, delivery, and performance of this Agreement or the consummation of the transactions contemplated hereby.

7. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

8. Necessary Actions. Each party agrees to execute and deliver all such other documents or instruments and to take any action as may be reasonably required in order to effectuate the transaction contemplated by this Agreement.

9. Waiver and Amendment. No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision. This Agreement may only be amended by a written agreement signed by both Parties.

10. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties and supersedes all prior agreements and understandings, written or oral, between the parties relating to the subject matter hereof.

11. Severability. If any provision of this Agreement is held to be illegal or invalid by a court of competent jurisdiction such provision shall be considered severed and deleted. Neither such provision, nor its severance and deletion, shall affect the validity of the remaining provisions of this Agreement.

12. Governing Law And Venue. The laws of the State of California shall govern this Agreement. Venue for any legal action arising from or relating to this Agreement shall be solely in the state or federal courts located in the County of Los Angeles in the State of California. The parties agree that they are subject to the personal jurisdiction of such courts and waive any objection to such jurisdiction and venue, including any claim that it is an inconvenient forum. The prevailing party in any such action shall be entitled to recover its reasonable costs, including attorney's fees.

13. Drafting. All parties have been represented by independent counsel in this transaction and have participated in the negotiation and preparation of this Agreement, and this Agreement shall not be construed or interpreted against the interests of any party hereto based on that party's preparation of this Agreement.

14. Counterparts. This Agreement may be executed in counterparts, and a signed copy shall have the full force and effect of a signature on any original. A copy, PDF, or facsimile copy of the fully executed Agreement shall have the full force and effect of the original executed Agreement.

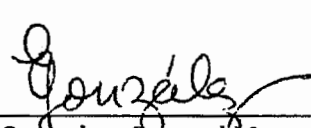
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by a duly authorized representative.

Thomas Wyld, LLC



John Hanna, Manager

Hillshore Investments



Eniluz Gonzalez, General Manager

Exhibit "A" to Agreement to Purchase Membership Interest

Payment Schedule

Date	Amount
11/15/15	\$500,000
1/1/16	\$500,000
2/1/16	\$250,000
3/1/16	\$250,000
4/1/16	\$500,000
Total	\$2,000,000

Agreement to Purchase Membership Interest

PLAINTIFF EXHIBIT 67
For Identification
Witness: MELODY RAJULS
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

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THOMAS WYLDE

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Mr. Wyld
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THOMAS WYLDE, LLC

NOTICE OF ISSUANCE OF NEW MEMBERSHIP INTEREST

TO THE MEMBERS OF THOMAS WYLDE, LLC ("Company"):

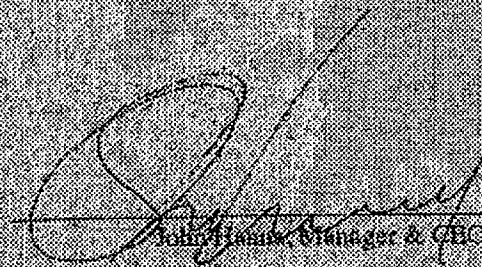
On August 25, 2015, the Manager of the Company issued to you a Notice of Proposed Action by Written Consent and Request for Consent to issue new Membership Interest Units ("Units"). Effective August 27, 2015, a Supermajority of Members had returned executed copies of the Notice and Consent. The Manager therefore issued a Notice of Approval of Action on August 27, 2015, informing you that the action was approved and the Manager was authorized to issue an additional 3,300 Units at a price of \$1,660 for per Unit.

The Notice of Approval of Action stated that Member Paula Thomas had the exclusive right to purchase some or all of the Units at the indicated price until September 14, 2015. Ms. Thomas did not exercise that right.

The Notice of Approval of Action further stated that the remaining Members had the exclusive right to purchase some or all of the Units at the indicated price until September 28, 2015. Hillshore Investments exercised its right to purchase 3,300 Units and that no other Member exercised that right.

On January 20, 2016, Hillshore provided the attached executed Agreement to Purchase Membership Interest, effective November 15, 2015 (the "Agreement"). The Manager hereby gives notice that the Company has therefore issued 3,300 additional Units to Hillshore Investments, subject to the terms of the Agreement. The Third Amended Exhibit B to the Operating Agreement memorializing that issuance is attached and will be duly recorded in the Company's minutes.

Dated this 26th day of January, 2016:



John H. Smith, Manager & CEO

AGREEMENT TO PURCHASE MEMBERSHIP INTEREST

This Agreement to Purchase Membership Interest (the "Agreement") is entered into by and between Thomas Wyde, LLC, a California limited liability company ("Seller"), and Hillshere Investments, a Panamanian corporation with its principal place of business located at Calle 53 Este, Urbanización Marbella, Torre VMG, 2, Ciudad de Panamá, Panamá ("Purchaser"), effective November 5, 2015 (the "Effective Date").

RECITALS

A. Seller is a California limited liability company, formed on July 22, 2014, pursuant to Articles of Organization of a Limited Liability Company filed with the California Secretary of State. Seller operates pursuant to an Operating Agreement entered into on or about July 22, 2014 (the "Operating Agreement"). All Units Membership Interest in Seller are owned by John Hanna, The Palliative, LLC, Stanley Ducks, LLC, ESRB Group, LLC, Paula Thomas, and Purchaser (the "Members").

B. On August 25, 2015, John Hanna, as Manager and CEO of Seller (the "Manager") issued a Notice of Proposed Action by Written Consent and Request for Consent to the Issuance of 3,300 Membership Interest Units ("Units") at a price of \$1,000.61 per Unit. On August 27, 2015, the Manager issued a Notice of Approval of Action informing the Members that a Supermajority of Members had authorized the action. Pursuant to the Operating Agreement, Member Paula Thomas had until September 11, 2015 to exercise her exclusive right to purchase some or all of the Units at the indicated price. On September 14, 2015, the Manager issued a Notice of Non-Exercise informing the Members that Paula Thomas had not exercised her option and giving notice that, pursuant to the Operating Agreement, the remaining Members had until September 28, 2015 to exercise their exclusive right to purchase some or all of the Units at the indicated price. On September 28, 2015, Purchaser exercised its option to purchase all of the Units. No other Member exercised their option. On October 18, 2015, the Manager gave notice to all Members that Purchaser had exercised the option to buy all of the Units.

C. Pursuant to its notice of intent to exercise its option, Purchaser hereby agrees to purchase all 3,300 Units at a price of \$1,000.61 per Unit, for a total exercise price of Three Million Five Hundred Thousand and Thirteen Dollars (\$3,500,913), payable on the terms set forth herein.

D. Seller and its Members desire to accept Purchaser's investment in the company and to issue new Membership Units in exchange.

E. Seller's Members have approved the sale of such new Membership Units to Purchaser by Supermajority, as set forth above.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Sale of the Interest.** Upon the execution of this Agreement, subject to the terms and conditions herein set forth, and on the basis of the representations, warranties, and agreements herein, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, 3,300 Units of Membership Interest in the Seller. All undefined capitalized terms herein shall have the meaning ascribed by the Operating Agreement.

Agreement to Purchase Membership Interest

Page 1

2. **Instruments of Conveyance.** Upon execution hereof, this Agreement shall evidence conveyance and transfer of the Membership Interest, which shall be effective to immediately vest in Purchaser all right, title, and interest in and to all of the securities underlying the Membership Interest pursuant to this Agreement, free and clear of all liens, claims, encumbrances, and adverse interests. Such conveyance shall entitle Purchaser to all the rights of a Member under the Operating Agreement, including, without limitation, all Transferable Interests as well as any Voting Interest provided by the Operating Agreement. Seller may, at its discretion, deliver a certificate or certificates representing the Units to Purchaser, in form and substance customary in the industry. Within five (5) business days of the Effective Date, Seller shall record this Agreement in the Seller's minutes book and shall amend Exhibit A to the Operating Agreement and any company membership listing to reflect the change in ownership interest.

3. **Consideration.** In consideration for the Membership Interest, Purchaser shall make a capital contribution to Seller in the amount of Three Million Five Hundred Thousand and Thirteen US dollars (\$3,500,013). Seller acknowledges that prior to the Effective Date, Purchaser advanced Seller One Million Five Hundred Thousand US dollars (\$1,500,000), which advance shall be applied as consideration under this Agreement. Purchaser shall pay the remaining balance of Two Million and Thirteen US dollars (\$2,000,013) pursuant to the payment schedule attached hereto as Exhibit "A".

4. **Default.** If Purchaser fails to make any payment set forth on Exhibit "A" within thirty (30) days of the date on which it is due, it shall be deemed a "Defaulting Member" pursuant to section 3.3 of the Operating Agreement and shall be subject to the provisions of that section relating to Defaulting Members. If Purchaser fails to cure the default within another thirty (30) days thereafter, a pro rata share of its Membership Interest, equal to the percentage of the balance of the consideration remaining due divided by the total consideration set forth in Section 3 above, shall automatically revert back to the Company. Furthermore, the Company and its Members shall then have the right to repurchase the balance of Purchaser's Membership Interest subject to the provisions of Section 9 of the Operating Agreement relating to Voluntary Lifetime Transfers.

5. **Purchaser Representations and Warranties.** Purchaser represents and warrants to Seller as follows:

a. This Agreement and any other document, instrument, or agreement to be executed and delivered by Purchaser in connection herewith has been duly executed and delivered by the Purchaser and constitutes the legal, valid, and binding obligation of the Purchaser, enforceable in accordance with its terms.

b. Purchaser is aware that the acquisition of its Units in the company has not been registered under the securities act of 1933, as amended, or qualified under the securities laws of any state.

c. Purchaser is acquiring the Membership Interest for its own account, for investment purposes, and not with a view to the distribution thereof.

d. Purchaser understands that the sale, pledge, assignment or other transfer of its units in the company is limited by this agreement and in any event may not be effected unless (i) the transfer is registered and qualified under applicable securities laws, or is effected as a non-public offering that is exempt from the registration and qualification requirements of applicable securities laws and (ii) the person acquiring such units represents and warrants to the company and to the other Members of the company that it is acquiring such units in accordance with the terms of the Operating Agreement to Purchase Membership Interest.

2. Instruments of Conveyance. Upon execution hereof, this Agreement shall evidence conveyance and transfer of the Membership Interest, which shall be effective to immediately vest in Purchaser all right, title, and interest in and to all of the securities underlying the Membership Interest pursuant to this Agreement, free and clear of all liens, claims, encumbrances, and adverse interests. Such conveyance shall entitle Purchaser to all the rights of a Member under the Operating Agreement, including, without limitation, all Transferable Interests as well as any Voting Interest provided by the Operating Agreement. Seller may, at its discretion, deliver a certificate or certificates representing the Units to Purchaser, in form and substance customary in the industry. Within five (5) business days of the Effective Date, Seller shall record this Agreement in the Seller's minute book and shall amend Exhibit A to the Operating Agreement and any company membership listing to reflect the change in ownership interests.

3. Consideration. In consideration for the Membership Interest, Purchaser shall make a capital contribution to Seller in the amount of Three Million Five Hundred Thousand and Thirteen US Dollars (\$3,500,013). Seller acknowledges that prior to the Effective Date, Purchaser advanced Seller One Million Five Hundred Thousand US dollars (\$1,500,000), which advance shall be applied as consideration under this Agreement. Purchaser shall pay the remaining balance of Two Million and Thirteen US dollars (\$2,000,013) pursuant to the payment schedule attached hereto as Exhibit "A."

4. Default. If Purchaser fails to make any payment set forth on Exhibit "A" within thirty (30) days of the date on which it is due, it shall be deemed a "Defaulting Member" pursuant to section 3.3 of the Operating Agreement and shall be subject to the provisions of that section relating to Defaulting Members. If Purchaser fails to cure the default within another thirty (30) days thereafter, a pro rata share of its Membership Interest, equal to the percentage of the balance of the consideration remaining due divided by the total consideration set forth in section 3, above, shall automatically revert back to the Company. Furthermore, the Company and its Members shall then have the right to repurchase the balance of Purchaser's Membership Interest subject to the provisions of Section 8 of the Operating Agreement relating to Involuntary Lifetime Transfers.

5. Purchaser's Representations and Warranties. Purchaser represents and warrants to Seller as follows:

a. This Agreement and any other document, instrument, or agreement to be executed and delivered by Purchaser in connection herewith has been duly executed and delivered by the Purchaser and constitutes the legal, valid, and binding obligation of the Purchaser, enforceable in accordance with its terms.

b. Purchaser is aware that the acquisition of its Units in the company has not been registered under the securities act of 1933, as amended, or qualified under the securities laws of any state.

c. Purchaser is acquiring the Membership Interest for its own account, for investment purposes, and not with a view to the distribution thereof.

d. Purchaser understands that the sale, pledge, assignment or other transfer of its units in the company is limited by this agreement and in any event may not be effected unless (i) the transfer is registered and qualified under applicable securities laws, or is effected as a non-public offering that is exempt from the registration and qualification requirements of applicable securities laws and (ii) the person acquiring such units represents and warrants to the company and to the other signatories to this Agreement that it is acquiring the units for its own account, for investment purposes, and not with a view to the distribution thereof.

members that such person is acquiring its units in the company solely for investment purposes and not for the account of any other person for investment only, and not with a view to the sale or distribution of such units.

b. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquiring an interest in the company.

c. Purchaser acknowledges that there is no guarantee that the Company will be a financial success and is able to bear the economic risk of the loss of its investment in the Company.

d. The Company has not solicited or advertised for investment in any way.

e. Purchaser has firsthand knowledge of the business and affairs of the company, has reviewed the Operating Agreement, and agrees to be bound by all of the terms and conditions of the Operating Agreement.

f. Purchaser acknowledges that the Company and the Seller are relying on the foregoing representations.

6. Seller Representations and Warranties Seller represents and warrants to Purchaser as follows:

a. Seller has not taken any action, or entered into any agreement, in any way affecting or binding Seller, its Manager, or Members and has full right, power, and authority to sell, transfer, and deliver the Membership Interest pursuant to this Agreement.

b. Seller shall transfer title in and to the Membership Interest to the Purchaser free and clear of all liens, security interests, pledges, encumbrances, charges, restrictions, demands and claims of any kind and nature whatsoever.

c. Seller has received fair equivalent value under the terms of this Agreement.

d. Seller has the legal capacity to execute and deliver this Agreement, and to effect the sale with respect to the Membership Interest.

e. The execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, and the performance of Seller's obligations hereunder will not result or result in any violation of or default under any provision of any agreement or instrument by which the Seller is bound.

f. Except for any consent or approval that has been obtained and remains in full force and effect as of the date hereof, no consent, approval or authorization of, no declaration, action, filing or registration with any governmental or regulatory authority, or any other person, is required to be made or obtained by the Seller on or prior to the date hereof in connection with the execution, delivery, and performance of this Agreement or the consummation of the transactions contemplated hereby.

7. Entirety This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

8. **Necessary Actions.** Each party agrees to execute and deliver all such other documents or instruments and to take any action as may be reasonably required in order to effectuate the transaction contemplated by this Agreement.

9. **Waiver and Amendment.** No breach of any provision of this Agreement can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision. This Agreement may only be amended by a written agreement signed by both Parties.

10. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding between the parties and supersedes all prior agreements and understandings, written or oral, between the parties relating to the subject matter hereof.

11. **Severability.** If any provision of this Agreement is held to be illegal or invalid by a court of competent jurisdiction such provision shall be considered severed and deleted. Neither such provision nor its severance and deletion shall affect the validity of the remaining provisions of this Agreement.

12. **Governing Law And Venue.** The laws of the State of California shall govern this Agreement. Venue for any legal action arising from or relating to this Agreement shall be solely in the state or federal courts located in the County of Los Angeles in the State of California. The parties agree that they are subject to the personal jurisdiction of such courts and waive any objection to such jurisdiction and venue, including any claim that it is an inconvenient forum. The prevailing party in any such action shall be entitled to recover its reasonable costs, including attorney's fees.

13. **Drafting.** All parties have been represented by independent counsel in this transaction and have participated in the negotiation and preparation of this Agreement, and this Agreement shall not be construed or interpreted against the interests of any party hereto based on that party's preparation of this Agreement.

14. **Counterparts.** This Agreement may be executed in counterparts, and a signed copy shall have the full force and effect of a signature on any original. A copy, PDF, or facsimile copy of the fully executed Agreement shall have the full force and effect of the original executed Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by a duly authorized representative.

Thomas Wyde, LLC

Hillshora Investments

John Thomas, Manager

Enluz Gonzalez, General Manager

Exhibit "A" to Agreement to Purchase Membership Interest

Payment Schedule

11/15/15	\$500,000
1/1/16	\$500,000
2/1/16	\$250,000
3/1/16	\$250,000
4/1/16	\$300,000

THIRD AMENDED EXHIBIT B
MEMBERS AND CAPITAL CONTRIBUTIONS
November 15, 2015

Name	Contact Information	Capital Contributions and Effective Dates	No. Units	Capital Account Balance
John Hubert	3221 S. La Cienega Blvd. Los Angeles, CA 90008 Fax: 310-559-5765 Email: jhubert@hubertco.com	\$700 December 15, 2014	14	\$700
The Pathway, LLC	12114 Dunes St. Los Angeles, CA 90049 Fax: 310-559-5763 Email: thepathway@pathway.com	\$900 December 15, 2014	18	\$900
Stereo Effects, LLC	18111 Irvine Blvd. Irvine, CA 92714 Fax: 714-237-9991 Email: stereo@stereo.com	\$350 December 15, 2014	7	\$350
DSRB Group, LLC	18144 Irvine Blvd. Irvine, CA 92714 Fax: 714-237-9991 Email: dsrb@dsrb.com	\$350 December 15, 2014	7	\$350
Paula Thomas	2315 S. Perla Ave. Johns Spring, CA 92264 Email: paula@paulathomas.com Hugh & Cheryl Kang & Chung 48100 Canyon Blvd. Irvine, CA 92614 Email: hugh@hughkang.com	\$1,200 + amortized premiums and income additions December 15, 2014	64	\$1,200
Indigene Investments	Calle 13, Esq. de la Union, Marbella, Spain BENIG, S. de C.V. de Panama, Panama Avenida Colon, Colon, Panama	\$1,500,000 January 1, 2015 \$1,500,000 November 15, 2015	1199	\$9,000,000
TOTAL			1339	\$9,000,000

From: David Schnider david@thomaswylde.com
Subject: Meeting today
Date: March 24, 2015 at 5:57 PM
To: Paula Thomas paula@thomaswylde.com
Cc: John Hanna johnhanna@thomaswylde.com, Meldy Rafols meldy@thomaswylde.com

Paula:

I am writing to confirm what you and I discussed at our meeting today. Specifically, John informed you on Friday that you were not to make any decisions relating to company business without first talking to him. That includes not posting anything on social media, not accepting or turning down promotional opportunities, and not committing to any contractual obligations without his authorization. Despite that admonition, you subsequently turned down an opportunity the company was presented with to provide clothing for the celebrity Sia to wear on the UK version of The Voice tv show. This is exactly the type of decision that should not be made without John's approval. Per John's instruction, you are to focus your efforts for now solely on designing the new line and should not take any further action without John's approval. You indicated that you understood this. If it is unclear in any way, please discuss it with me or John.

Regards,
David

PLAINTIFF EXHIBIT 69
For Identification
Witness: MELDY RAFOLS
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

01683

Meldy Rafols

From: John Hanna
Sent: Thursday, March 26, 2015 5:21 PM
To: Meldy Rafols
Cc: John Hanna; Hanna Personal Email
Subject: Re: Executive Payout

Meldy .. Yes, I do confirm that all three executives would have a pay cut of 33% from the current salaries ..

thank you
Regards,

John Hanna
Chief Executive Officer

THOMAS WYLDE

3231 S. La Cienega Blvd.
Los Angeles, CA 90016

phone: 310 559 5549
mobile: 310 770 3741

email: johnhanna@ThomasWylde.com

On Mar 26, 2015, at 9:41 AM, Meldy Rafols <meldy@thomaswylde.com> wrote:

Hi John,

Can you please confirm the effectivity of the Executive payout and that all of you, Jene and Paula agreed to the cut. Thanks.

Best

Meldy Rafols
Financial Controller

The secret of success is consistency of purpose.

PLAINTIFF EXHIBIT 70
For Identification
Witness: MELODY RAFAEL
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

00884

THOMAS WYLDE

3231 S. La Cienega Blvd.
Los Angeles, CA 90016

phone: +1 310 559 5549
mobile: +1 323 459 6084
email: meldy@thomaswylde.com

<image001.jpg>_<image002.jpg>_<image003.jpg> <image004.jpg>

Please help save the trees, print this email only if necessary.

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± Font Size -

Executive Payout

From : Meldy Rafols <meldy@thomaswylde.com>
Subject : Executive Payout
To : Paula Thomas <paula@thomaswylde.com>
Cc : John Hanna <johnhanna@thomaswylde.com>

Mon, Mar 30, 2015 09:59 AM

📎 4 attachments

Hi Paula,

Hope you had a great weekend.

As approved by John, the executive payout of 33% will take effect for the month of April. As you approved also, I will be deducting in 2 monthly installment your membership contribution for \$1600, total of \$3200. With the payout and the membership contribution deduction, your net pay will be **\$8,247.95** for the month of April and May.

After the membership deduction, your monthly net pay will be **\$9,847.95** starting in June 1, 2015.

FYI and reference. Please let me know if you have any question or comment. Thanks.

Best,

Meldy Rafols
Financial Controller

"The secret of success is consistency of purpose."

THOMAS WYLDE

3231 S. La Cienega Blvd.
Los Angeles, CA 90016

phone: +1 310 559 5549
mobile: +1 323 459 6084
email: meldy@thomaswylde.com



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PLAINTIFF-EXHIBIT 71
For Identification
Witness: MELODY RAFOLS
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

01441

2/22/2016 2:11 PM



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image004.jpg
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THIRD AMENDED EXHIBIT B

MEMBERS AND CAPITAL CONTRIBUTIONS

November 15, 2015

Name	Contact Information	Capital Contributions and Effective Dates	No. Units	Capital Account Balance
John Hanna	3231 S. La Cienega Blvd., Los Angeles, CA 90016 Fax: 310-559-5765 Email: john@thomaswylde.com	\$700 December 15, 2014	14	\$700
The Palliative, LLC	12114 Dewey St., Los Angeles, CA 90066 Fax: 310-559-5765 Email: jene@thomaswylde.com	\$900 December 15, 2014	18	\$900
Stanley Ducks, LLC	18141 Irvine Blvd. Tustin, CA 92780 Fax: 714-237-9991 Email: roger@zther.com	\$350 December 15, 2014	7	\$350
DSRB Group, LLC	18141 Irvine Blvd. Tustin, CA 92780 Fax: 714-237-9991 Email: dlee@lpdirect.com	\$350 December 15, 2014	7	\$350
Paula Thomas	2514 S. Toledo Ave. Palm Spring, CA 92264 Email: paulathomas@me.com <i>With a copy to: Laura Hess Kring & Chung 38 Corporate Park Irvine, CA 92606 Email: lhess@kringandchung.com</i>	\$3,200 + intellectual property and certain liabilities December 22, 2014	64	\$3,200
Hillshore Investments	Calle 53 Este, Urbanización Marbella, Torre MMG, 2, Ciudad de Panamá, Panamá Attn: Eniluz Gonzalez, General Manager	\$5,500,000 January 1, 2015 \$3,500,013 November 15, 2015	3390	\$9,000,013
Totals			3500	\$9,005,513

PLAINTIFF EXHIBIT 72
For Identification
Witness: MELDY DAFOLS
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

02240

Kyu Hong Kim, CPA, Inc.
3435 Wilshire Blvd Ste 1970
Los Angeles, CA 90010-1938
213-381-3557

November 9, 2016

CONFIDENTIAL

THOMAS WYLDE LLC
235 W 31ST ST
LOS ANGELES, CA 90007

Dear :

We have prepared the enclosed amended returns from information provided by you without verification or audit. We suggest that you examine these returns carefully to fully acquaint yourself with all items contained therein to ensure that there are no omissions or misstatements.

Federal Filing Instructions

Your amended 2015 Form 1065 shows no balance due.

Your amended return is being filed electronically and is not required to be mailed. If you mail a paper copy of Form 1065 to the IRS it will delay processing of the return. The electronically filed return is not complete without a signature. A limited liability company member should sign and date Form 8879-PE, IRS *e-file* Signature Authorization for Form 1065. The form must be signed and returned before the electronic file can be transmitted to the IRS.

Mail the signed Form 8879-PE as soon as possible to:

Kyu Hong Kim, CPA, Inc.
3435 Wilshire Blvd Ste 1970
Los Angeles, CA 90010-1938

California Filing Instructions

Your amended California 2015 Form 568 shows no balance due.

Your amended return is being filed electronically and is not required to be mailed. If you mail a paper copy of Form 568 to the California Franchise Tax Board it will delay processing of your return. The electronically filed return is not complete without your signature. A limited liability company member should sign and date Form 8453-LLC, California *e-file* Return Authorization for Limited Liability Companies. The form must be signed and returned before the electronic file can be transmitted to California Franchise Tax Board

Mail signed Form 8453-LLC as soon as possible to:

Kyu Hong Kim, CPA, Inc.
3435 Wilshire Blvd Ste 1970
Los Angeles, CA 90010-1938

PLAINTIFF EXHIBIT 75
For Identification
Witness: MELDY RAFOUS
Date: 8-18-2017
Damon M. LeBlanc, CSR No. 11958

Also enclosed is any material you furnished for use in preparing the returns. If the returns are examined, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records for at least seven years.

In order that we may properly advise you of tax considerations, please keep us informed of any significant changes in your financial affairs or of any correspondence received from taxing authorities.

If you have any questions, or if we can be of assistance in any way, please call.

Sincerely,

Kyu Hong Kim, CPA, Inc.

Form 1065X (January 2012) Department of the Treasury Internal Revenue Service	Amended Return or Administrative Adjustment Request (AAR) (For use by filers of Forms 1065, 1065-B, and 1066) ▶ See separate instructions.	OMB No. 1545-0099 For tax year ending ▶ 12/2015 (Enter month and year.)
---	---	--

Please Type or Print	Name THOMAS WYLDE LLC	Employer identification number 47-1444612
	Number, street, and room or suite no. (If a P.O. box, see instructions.) 235 W 31ST ST	
	City or town, state, and ZIP code LOS ANGELES CA 90007	Telephone number (optional)

Enter name and address used on original return (If same as above, write "Same")

Same

Internal Revenue Service Center
where original return was filed ▶ **Ogden, UT 84201-0011**

TEFRA/NonTEFRA Determination

- A** Has the partnership made an election to be treated as an electing large partnership (ELP) under the provisions of section 775? ☐ Yes ☒ No
 If "Yes," the partnership is not subject to TEFRA. Enter the date of the election ▶ _____, go to Item E, and check the "Not subject to TEFRA" box. Do not complete Items B through D.

You must determine if the partnership is subject to the rules for consolidated audit proceedings (TEFRA proceedings) under sections 6221 through 6234. See instructions for details.

- B** Did the partnership have 10 or fewer partners at all times during the tax year? (Note. A husband and wife are considered one partner for TEFRA purposes.) ☒ Yes ☐ No
- C** At all times during the partnership's tax year, were all partners U.S. citizens, resident aliens, C corporations, or estates of deceased partners? ☐ Yes ☒ No

If the answers to questions B and C are "Yes," the partnership is not subject to TEFRA proceedings. A partnership that is not subject to TEFRA cannot file an Administrative Adjustment Request. See instructions for details.

- D** If the partnership is not otherwise subject to TEFRA, has the partnership filed Form 8893, Election of Partnership Level Tax Treatment, or its equivalent, to make an election to be treated as a TEFRA partnership? ☐ Yes ☒ No

If the answer to question D is "Yes," enter the tax year that the election to be treated as a TEFRA partnership was originally filed with the partnership return ▶ _____

- E** The partnership is ☒ Subject to TEFRA ☐ Not subject to TEFRA

- F** Check the applicable box (see instructions): ☐ Amended Return ☐ Administrative Adjustment Request (AAR)

- G** If you are a Tax Matters Partner (TMP) or a Partner With Authority (PWA) filing an AAR on behalf of the pass-through entity, are you requesting substituted return treatment? (see instructions) ☐ Yes ☒ No

- H** Check the applicable box to identify the type of pass-through entity: ☒ Partnership ☐ Electing Large Partnership (ELP)
☐ Real Estate Mortgage Investment Conduit (REMIC)

- I** Partnerships and ELPs, enter the number of Schedules K-1 being filed with this return ▶ **6**

Fill in applicable items and use Part III to explain any changes

Part I Amended or Administrative Adjustment Request (AAR) Items for Partnerships Filing Form 1065 Only (ELPs and REMICs, use Part II)		(a) As originally reported on Schedule K or as previously adjusted	(b) Net change — increase or (decrease) — explain in Part III	(c) Correct amount
Income (Loss)	1 Ordinary business income (loss)	1 -4,613,383	0	-4,613,383
	2 Net rental real estate income (loss)	2		
	3 Other net rental income (loss) (see instructions)	3		
	4 Guaranteed payments	4		
	5 Interest income	5		
	6a Ordinary dividends	6a		
	b Qualified dividends	6b		
	7 Royalties	7		
	8 Net short-term capital gain (loss)	8		
	9a Net long-term capital gain (loss)	9a		
	b Collectibles (28%) gain (loss)	9b		
c Unrecaptured section 1250 gain (see instructions)	9c			
10 Net section 1231 gain (loss)	10			
11 Other income (loss) (see instructions)	11			

Form 1065X (1-2012)		THOMAS WYLDE LLC		47-1444612		Page 2	
Deductions	12 Section 179 deduction	12					
	13a Contributions	13a	2,400	0		2,400	
	b Investment interest expense	13b					
	c Section 59(e) expenditures	13c					
	d Other deductions (see instructions)	13d					
Self-Employment	14a Net earnings (loss) from self-employment	14a					
	b Gross farming or fishing income	14b					
	c Gross nonfarm income	14c					
Credits	15a Low-income housing credit (section 42(j)(5))	15a					
	b Low-income housing credit (other)	15b					
	c Qualified rehabilitation expenditures (rental real estate)	15c					
	d Other rental real estate credits (see instructions)	15d					
	e Other rental credits (see instructions)	15e					
	f Other credits (see instructions)	15f					
Foreign Transactions	16a Name of country or U.S. possession ▶						
	b Gross income from all sources	16b					
	c Gross income sourced at partner level	16c					
	d Foreign gross income sourced at partnership level passive category	16d					
	e Foreign gross income sourced at partnership level general category	16e					
	f Foreign gross income sourced at partnership level other	16f					
	g Deductions allocated and apportioned at partner level interest expense	16g					
	h Deductions allocated and apportioned at partner level other	16h					
	i Deductions allocated and apportioned at partnership level to foreign source income passive category	16i					
	j Deductions allocated and apportioned at partnership level to foreign source income general category	16j					
	k Deductions allocated and apportioned at partnership level to foreign source income other	16k					
	l Total foreign taxes (check one) ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l					
	m Reduction in taxes available for credit (see instructions)	16m					
	n Other foreign tax information (see instructions)						
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a					
	b Adjusted gain or loss	17b					
	c Depletion (other than oil or gas)	17c					
	d Oil, gas, and geothermal properties—gross income	17d					
	e Oil, gas, and geothermal properties—deductions	17e					
	f Other AMT items (attach statement)	17f					
Other Information	18a Tax-exempt interest income	18a					
	b Other tax-exempt income	18b					
	c Nondeductible expenses	18c	48,960	0		48,960	
	19a Distributions of cash and marketable securities	19a					
	b Distributions of other property	19b					
	20a Investment income	20a					
	b Investment expenses	20b					
	c Other items and amounts (see instructions)	20c					

Note. Amended Schedules K-1: File amended Schedules K-1 with Form 1065X. If the partnership is filing Form 1065X for an administrative adjustment request (AAR), please inform the partners receiving the amended Schedules K-1 that the partnership is filing the AAR. If the partnership is not subject to the rules for consolidated audit proceedings (TEFRA proceedings) under sections 6221 through 6234, the partnership cannot file an AAR; and instead must furnish the amended Schedules K-1 to its partners. The partners must then file their own amended returns (see instructions).

Form 1065X (1-2012)

THOMAS WYLDE LLC

47-1444612

Page 3

Part II Amended or Administrative Adjustment Request (AAR) Items for ELPs and REMICs Only

(a) Description of Item Being Amended or Adjusted (see instructions)		(b) As originally reported or as previously adjusted	(c) Net change — increase or (decrease) — explain in Part III	(d) Correct amount
1		1		
2		2		
3		3		
4		4		
5		5		

Tax and Payments (see instructions)

6	ELPs ONLY: Tax and other payments	6		
7	REMICs ONLY: Tax on net income from prohibited transactions	7		
8	REMICs ONLY: Tax on net income from foreclosure property	8		
9	REMICs ONLY: Tax on contributions after the startup day	9		
10	Total tax	10		
11	Tax paid with Form 7004	11		
12	Tax paid with (or after) the filing of the original return	12		
13	Add lines 11 and 12, column (d)	13		
14	Overpayment, if any, as shown on original return or as later adjusted	14		
15	Subtract line 14 from line 13	15		

Tax Due or Overpayments (see instructions)

16	Tax Due. Subtract line 15 from line 10, column (d). For details on how to pay, see instructions	16	
17	Overpayment. Subtract line 10, column (d), from line 15	17	

Note. Amended Schedules K-1 or Schedules Q. File amended Schedules K-1 or Schedules Q with Form 1065X. If the ELP or REMIC is filing Form 1065X for an administrative adjustment request (AAR), do not furnish the amended Schedules K-1 or Schedules Q to the partners or residual interest holders. If the REMIC is not filing for an AAR and is not subject to the rules for consolidated audit proceedings under sections 6221 through 6231, the REMIC must furnish the amended Schedules Q to its residual interest holders. See instructions for details.

Sign Here

Under penalties of perjury, I declare that I have filed an original return and that I have examined this amended return, including accompanying schedules and statements, and to the best of my knowledge and belief, this amended return is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of general partner, limited liability company member manager, or authorized individual

Date

Title

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Kyu Hong Kim				P00288359
	Firm's name ▶ Kyu Hong Kim, CPA, Inc.	Firm's EIN ▶ 20-2861494			
	Firm's address ▶ 3435 Wilshire Blvd Ste 1970 Los Angeles, CA 90010-1938	Phone no. 213-381-3557			

Form 1065X (1-2012)

Form 1065X (1-2012)

THOMAS WYLDE LLC

47-1444612

Page 4



Explanation of Changes to Items in Part I and Part II. Enter the line number from Part I or Part II for the items you are changing, and give the reason for each change. For partnerships, show the box number and code used to report the item on Schedule K-1. Show any computation in detail. Also, see What To Attach in the instructions.

If this amended return or AAR is reporting any change in the allocation of the partnership's or REMIC's income, gain, loss, deduction, or credit among its partners or residual interest holders, see Changes in Allocation in the instructions, and check here ☐

This amended return is to correct only partners' share of profit and capital. Partners' share of loss is same as original return. Since the taxpayer made loss in current year, change in partners' share of profit and capital will not affect partner's share of current year income, deductions, credits, and other items in Part III of Schedule K-1.

Form 1065 Department of the Treasury Internal Revenue Service		U.S. Return of Partnership Income For calendar year 2015, or tax year beginning _____, ending _____ ► Information about Form 1065 and its separate instructions is at www.irs.gov/form1065.		OMB No. 1545-0123 2015
A Principal business activity MANUFACTURING	Type or Print	Name of partnership THOMAS WYLDE LLC	D Employer identification number 47-1444612	
B Principal product or service APPAREL		Number, street, and room or suite no. If a P.O. box, see the instructions. 235 W 31ST ST	E Date business started 07/22/2014	
C Business code number 315990		City or town, state or province, country, and ZIP or foreign postal code LOS ANGELES CA 90007	F Total assets (see the instructions) \$ 6,292,703 See Statement 1	

G Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☒ Amended return
 (6) ☐ Technical termination - also check (1) or (2)

H Check accounting method: (1) ☐ Cash (2) ☒ Accrual (3) ☐ Other (specify) ► _____

I Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ► **6**

J Check if Schedules C and M-3 are attached ☐

Caution. Include only trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

Income	1a Gross receipts or sales	1a	3,971,781		
	b Returns and allowances	1b			
	c Balance. Subtract line 1b from line 1a			1c	3,971,781
	2 Cost of goods sold (attach Form 1125-A)			2	1,932,841
	3 Gross profit. Subtract line 2 from line 1c			3	2,038,940
	4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement)			4	
	5 Net farm profit (loss) (attach Schedule F (Form 1040))			5	
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)			6	
7 Other income (loss) (attach statement)			7	77,661	
8 Total income (loss). Combine lines 3 through 7			8	2,116,601	
Deductions <small>(see the instructions for limitations)</small>	9 Salaries and wages (other than to partners) (less employment credits)			9	1,492,031
	10 Guaranteed payments to partners			10	
	11 Repairs and maintenance			11	33,607
	12 Bad debts			12	
	13 Rent			13	375,439
	14 Taxes and licenses			14	8,265
	15 Interest			15	200,000
	16a Depreciation (if required, attach Form 4562)	16a	15,295		
	b Less depreciation reported on Form 1125-A and elsewhere on return	16b		16c	15,295
	17 Depletion (Do not deduct oil and gas depletion.)			17	
	18 Retirement plans, etc.			18	
	19 Employee benefit programs			19	67,230
	20 Other deductions (attach statement)			20	4,538,117
	21 Total deductions. Add the amounts shown in the far right column for lines 9 through 20			21	6,729,984
22 Ordinary business income (loss). Subtract line 21 from line 8			22	-4,613,383	

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.				May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	Signature of general partner or limited liability company member manager _____ Date _____					
Paid Preparer	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN	
	Kyu Hong Kim				P00288359	
Use Only	Firm's name ► Kyu Hong Kim, CPA, Inc.			Firm's EIN ► 20-2861494		
	Firm's address ► 3435 Wilshire Blvd Ste 1970 Los Angeles, CA 90010-1938			Phone no. 213-381-3551		

For Paperwork Reduction Act Notice, see separate instructions.

Form **1065** (2015)

Form 1065 (2015) THOMAS WYLDE LLC

47-1444612

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Schedule B Other Information

1 What type of entity is filing this return? Check the applicable box:		Yes	No
a <input type="checkbox"/> Domestic general partnership	b <input type="checkbox"/> Domestic limited partnership		
c <input checked="" type="checkbox"/> Domestic limited liability company	d <input type="checkbox"/> Domestic limited liability partnership		
e <input type="checkbox"/> Foreign partnership	f <input type="checkbox"/> Other ▶		
2 At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		X	
3 At the end of the tax year:			
a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see Instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		X	
b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see Instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership			X
4 At the end of the tax year, did the partnership:			
a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see Instructions. If "Yes," complete (i) through (iv) below			X
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock
b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see Instructions. If "Yes," complete (i) through (v) below			X
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization
5 Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details			X
6 Does the partnership satisfy all four of the following conditions?			
a The partnership's total receipts for the tax year were less than \$250,000.			
b The partnership's total assets at the end of the tax year were less than \$1 million.			
c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.			
d The partnership is not filing and is not required to file Schedule M-3			X
If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.			
7 Is this partnership a publicly traded partnership as defined in section 469(k)(2)?			X
8 During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?			X
9 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?			X
10 At any time during calendar year 2015, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country. ▶			X

Form 1065 (2015) THOMAS WYLDE LLC

47-1444612

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Schedule B Other Information (continued)

	Yes	No
11 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions		X
12a Is the partnership making, or had it previously made (and not revoked), a section 754 election? See instructions for details regarding a section 754 election.		X
b Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
c Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		X
13 Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) <input type="checkbox"/>		
14 At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property?		X
15 If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
16 Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		X
17 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
18a Did you make any payments in 2015 that would require you to file Form(s) 1099? See instructions	X	
b If "Yes," did you or will you file required Form(s) 1099?	X	
19 Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶ 0		
20 Enter the number of partners that are foreign governments under section 892. ▶ 0		

Designation of Tax Matters Partner (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
If the TMP is an entity, name of TMP representative ▶	Phone number of TMP ▶
Address of designated TMP ▶	

Form 1065 (2015) THOMAS WYLDE LLC

47-1444612

Page 4

Schedule K Partners' Distributive Share Items		Total amount
Income (Loss)	1 Ordinary business income (loss) (page 1, line 22)	1 -4,613,383
	2 Net rental real estate income (loss) (attach Form 8825)	2
	3a Other gross rental income (loss)	3a
	b Expenses from other rental activities (attach statement)	3b
	c Other net rental income (loss). Subtract line 3b from line 3a	3c
	4 Guaranteed payments	4
	5 Interest income	5
	6 Dividends: a Ordinary dividends	6a
	b Qualified dividends	6b
	7 Royalties	7
	8 Net short-term capital gain (loss) (attach Schedule D (Form 1065))	8
Deductions	9a Net long-term capital gain (loss) (attach Schedule D (Form 1065))	9a
	b Collectibles (28%) gain (loss)	9b
	c Unrecaptured section 1250 gain (attach statement)	9c
	10 Net section 1231 gain (loss) (attach Form 4797)	10
	11 Other income (loss) (see instructions) Type ▶	11
	12 Section 179 deduction (attach Form 4562)	12 0
	13a Contributions See Statement 5	13a 2,400
	b Investment interest expense	13b
	c Section 59(e)(2) expenditures:	
	(1) Type ▶ (2) Amount ▶	13c(2)
	d Other deductions (see instructions) Type ▶	13d
Self-Employment	14a Net earnings (loss) from self-employment	14a
	b Gross farming or fishing income	14b
	c Gross nonfarm income	14c
Credits	15a Low-income housing credit (section 42(j)(5))	15a
	b Low-income housing credit (other)	15b
	c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468, if applicable)	15c
	d Other rental real estate credits (see instructions) Type ▶	15d
	e Other rental credits (see instructions) Type ▶	15e
	f Other credits (see instructions) Type ▶	15f
Foreign Transactions	16a Name of country or U.S. possession ▶	16a
	b Gross income from all sources	16b
	c Gross income sourced at partner level	16c
	Foreign gross income sourced at partnership level	
	d Passive category ▶ e General category ▶ f Other ▶	16f
	Deductions allocated and apportioned at partner level	
	g Interest expense ▶ h Other ▶	16h
	Deductions allocated and apportioned at partnership level to foreign source income	
	i Passive category ▶ j General category ▶ k Other ▶	16k
	l Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>	16l
	m Reduction in taxes available for credit (attach statement)	16m
n Other foreign tax information (attach statement)		
Alternative Minimum Tax (AMT) Items	17a Post-1986 depreciation adjustment	17a
	b Adjusted gain or loss	17b
	c Depletion (other than oil and gas)	17c
	d Oil, gas, and geothermal properties – gross income	17d
	e Oil, gas, and geothermal properties – deductions	17e
	f Other AMT items (attach statement)	17f
Other Information	18a Tax-exempt interest income	18a
	b Other tax-exempt income	18b
	c Nondeductible expenses See Statement 6	18c 48,960
	19a Distributions of cash and marketable securities	19a
	b Distributions of other property	19b
	20a Investment income	20a
b Investment expenses	20b	
c Other items and amounts (attach statement)		

Form 1065 (2015) THOMAS WYLDE LLC

47-1444612

Page 5

Analysis of Net Income (Loss)

1 Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l						1	-4,615,783
2 Analysis by partner type:		(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Exempt Organization	(vi) Nominee/Other
a General partners							
b Limited partners		-4,615,783					

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
Assets		(a)	(b)	(c)	(d)
1	Cash		179,904		66,706
2a	Trade notes and accounts receivable			553,507	
b	Less allowance for bad debts				553,507
3	Inventories				1,101,833
4	U.S. government obligations				
5	Tax-exempt securities				
6	Other current assets (attach statement) See Stmt 7		4,100,120		2,525,414
7a	Loans to partners (or persons related to partners)				
b	Mortgage and real estate loans				
8	Other investments (attach statement)				
9a	Buildings and other depreciable assets	1,734		27,514	
b	Less accumulated depreciation		1,734	2,525	24,989
10a	Depletable assets				
b	Less accumulated depletion				
11	Land (net of any amortization)				
12a	Intangible assets (amortizable only)				
b	Less accumulated amortization				
13	Other assets (attach statement) See Stmt 8		4,700		2,020,254
14	Total assets		4,286,458		6,292,703
Liabilities and Capital					
15	Accounts payable		56,777		836,336
16	Mortgages, notes, bonds payable in less than 1 year				
17	Other current liabilities (attach statement) See Stmt 9		111,040		784,884
18	All nonrecourse loans				
19a	Loans from partners (or persons related to partners)				
b	Mortgages, notes, bonds payable in 1 year or more				
20	Other liabilities (attach statement) See Stmt 10		4,300,000		2,000,000
21	Partners' capital accounts		-181,359		2,671,483
22	Total liabilities and capital		4,286,458		6,292,703

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note. The partnership may be required to file Schedule M-3 (see instructions).

1	Net income (loss) per books	-4,651,971	6	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
2	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		a	Tax-exempt interest \$	
3	Guaranteed payments (other than health insurance)		7	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
4	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		a	Depreciation \$	12,772
a	Depreciation \$				12,772
b	Travel and entertainment \$	48,960	8	Add lines 6 and 7	12,772
		48,960	9	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	-4,615,783
5	Add lines 1 through 4	-4,603,011			

Schedule M-2 Analysis of Partners' Capital Accounts

1	Balance at beginning of year	-181,359	6	Distributions: a Cash	
2	Capital contributed: a Cash	7,504,813	b	Property	
	b Property		7	Other decreases (itemize):	
3	Net income (loss) per books	-4,651,971	8	Add lines 6 and 7	
4	Other increases (itemize):				

Form 1125-A <small>(Rev. December 2012)</small> Department of the Treasury Internal Revenue Service	Cost of Goods Sold ► Attach to Form 1120, 1120-C, 1120-F, 1120S, 1065, or 1065-B. ► Information about Form 1125-A and its instructions is at www.irs.gov/form1125a .	OMB No. 1545-2225
Name THOMAS WYLDE LLC		Employer identification number 47-1444612
1 Inventory at beginning of year		1
2 Purchases		2 3,034,674
3 Cost of labor		3
4 Additional section 263A costs (attach schedule)		4
5 Other costs (attach schedule)		5
6 Total. Add lines 1 through 5		6 3,034,674
7 Inventory at end of year		7 1,101,833
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on Form 1120, page 1, line 2 or the appropriate line of your tax return (see instructions)		8 1,932,841
9a Check all methods used for valuing closing inventory: <div style="margin-left: 20px;"> (i) <input type="checkbox"/> Cost (ii) <input type="checkbox"/> Lower of cost or market (iii) <input type="checkbox"/> Other (Specify method used and attach explanation.) ► </div>		
b Check if there was a writedown of subnormal goods ► <input type="checkbox"/>		
c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ► <input type="checkbox"/>		
d If the LIFO inventory method was used for this tax year, enter the amount of closing inventory computed under LIFO		9d
e If property is produced or acquired for resale, do the rules of section 263A apply to the entity (see instructions)?		<input type="checkbox"/> Yes <input type="checkbox"/> No
f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation		<input type="checkbox"/> Yes <input type="checkbox"/> No

For Paperwork Reduction Act Notice, see instructions.

Form **1125-A** (Rev. 12-2012)

**SCHEDULE B-1
(Form 1065)**

(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

**Information on Partners Owning 50% or
More of the Partnership**

► Attach to Form 1065. See instructions on back.

OMB No. 1545-0099

Name of partnership

THOMAS WYLDE LLC

Employer identification number (EIN)

47-1444612

Part I Entities Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3a)

Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, tax-exempt organization, or any foreign government that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital
HILLSHORE	INVESTMENTS 99-9999999	Corporation	United States	100.000000

Part II Individuals or Estates Owning 50% or More of the Partnership (Form 1065, Schedule B, Question 3b)

Complete columns (i) through (iv) below for any individual or estate that owns, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

For Paperwork Reduction Act Notice, see the Instructions for Form 1065.

Schedule B-1 (Form 1065) (Rev. 12-2011)

Partner# 1
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2015, or tax

year beginning

ending

2015

Partner's Share of Income, Deductions, Credits, etc.

► See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

47-1444612

B Partnership's name, address, city, state, and ZIP code

THOMAS WYLDE LLC

235 W 31ST ST

LOS ANGELES

CA 90007

C IRS Center where partnership filed return

e-file

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

558-69-6850

F Partner's name, address, city, state, and ZIP code

JOHN HANNA

6250 HOLLYWOOD BLVD #4H

Los Angeles

CA 90028

G ☒ General partner or LLC member-manager

☐ Limited partner or other LLC member

H ☒ Domestic partner

☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	7.000000 %	0.400000 %
Loss	0.000000 %	0.000000 %
Capital	7.000000 %	0.400000 %

K Partner's share of liabilities at year end:

Nonrecourse	\$
Qualified nonrecourse financing	\$
Recourse	\$

L Partner's capital account analysis:

Beginning capital account	\$	700
Capital contributed during the year	\$	
Current year increase (decrease)	\$	
Withdrawals & distributions	\$	
Ending capital account	\$	700

☒ Yes ☐ No ☐ See instructions
Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

☐ Final K-1

☒ Amended K-1

651113

OMB No. 1545-0123

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
19	Distributions		
20	Other information		

*See attached statement for additional information.

For IRS Use Only



Partner# 2
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2015

For calendar year 2015, or tax
year beginning _____
ending _____

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
47-1444612

B Partnership's name, address, city, state, and ZIP code
THOMAS WYLDE LLC
235 W 31ST ST
LOS ANGELES CA 90007

C IRS Center where partnership filed return
e-file

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
57-1157980

F Partner's name, address, city, state, and ZIP code
STANLEY DUCKS, LLC
18141 IRVINE BLVD
TUSTIN CA 92780

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Partnership

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	3.500000 %	0.200000 %
Loss	0.000000 %	0.000000 %
Capital	3.500000 %	0.200000 %

K Partner's share of liabilities at year end:

Nonrecourse	\$
Qualified nonrecourse financing	\$
Recourse	\$

L Partner's capital account analysis:

Beginning capital account	\$
Capital contributed during the year	\$ 350
Current year increase (decrease)	\$
Withdrawals & distributions	\$ ()
Ending capital account	\$ 350

☒ Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

☐ Final K-1 ☒ Amended K-1 OMB No. 1545-0123

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
		19	Distributions
		20	Other information

*See attached statement for additional information.

For IRS Use Only



Partner# 3
Schedule K-1
(Form 1065)Department of the Treasury
Internal Revenue Service

2015

For calendar year 2015, or tax

year beginning

ending

Partner's Share of Income, Deductions,
Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
47-1444612

B Partnership's name, address, city, state, and ZIP code
THOMAS WYLDE LLC
235 W 31ST ST
LOS ANGELES CA 90007

C IRS Center where partnership filed return
e-file

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
47-1710832

F Partner's name, address, city, state, and ZIP code
DSRB, LLC
18141 IRVINE BLVD
TUSTIN CA 92780

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? PartnershipI2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	3.500000 %	0.200000 %
Loss	0.000000 %	0.000000 %
Capital	3.500000 %	0.200000 %

K Partner's share of liabilities at year end:

Nonrecourse	\$	
Qualified nonrecourse financing	\$	
Recourse	\$	

L Partner's capital account analysis:

Beginning capital account	\$	
Capital contributed during the year	\$	350
Current year increase (decrease)	\$	
Withdrawals & distributions	\$	()
Ending capital account	\$	350

☒ Yes ☐ No ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

☐ Final K-1☒ Amended K-1651113
OMB No. 1545-0123

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
		19	Distributions
		20	Other information

*See attached statement for additional information.

For IRS Use Only



Partner# 4
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

2015

For calendar year 2015, or tax
year beginning _____
ending _____

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
47-1444612

B Partnership's name, address, city, state, and ZIP code
THOMAS WYLDE LLC
235 W 31ST ST
LOS ANGELES CA 90007

C IRS Center where partnership filed return
e-file

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
45-4648680

F Partner's name, address, city, state, and ZIP code
THE PALLIATIVE, LLC.
12114 DEWEY ST.
LOS ANGELES CA 90066

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Partnership

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	9.000000 %	0.510000 %
Loss	0.000000 %	0.000000 %
Capital	9.000000 %	0.510000 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ 900

Current year increase (decrease) \$ _____

Withdrawals & distributions \$ (_____)

Ending capital account \$ 900

☒ Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

☐ Final K-1

☒ Amended K-1

651113
OMB No. 1545-0123

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
		19	Distributions
		20	Other information

*See attached statement for additional information.

For IR-Us Only



Partner# 5
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2015, or tax
year beginning _____
ending _____

2015

☐ Final K-1

☒ Amended K-1

651113
OMB No. 1545-0123

**Partner's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number
47-1444612

B Partnership's name, address, city, state, and ZIP code
THOMAS WYLDE LLC
235 W 31ST ST
LOS ANGELES CA 90007

C IRS Center where partnership filed return
e-file

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number
615-34-0198

F Partner's name, address, city, state, and ZIP code
PAULA THOMAS
2514 S. TOLEDO AVE.
PALM SPRINGS CA 92264

G ☐ General partner or LLC member-manager ☒ Limited partner or other LLC member

H ☒ Domestic partner ☐ Foreign partner

I1 What type of entity is this partner? Individual

I2 If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	32.000000 %	1.830000 %
Loss	0.000000 %	0.000000 %
Capital	32.000000 %	1.830000 %

K Partner's share of liabilities at year end:

Nonrecourse \$ _____

Qualified nonrecourse financing \$ _____

Recourse \$ _____

L Partner's capital account analysis:

Beginning capital account \$ _____

Capital contributed during the year \$ 3,200

Current year increase (decrease) \$ _____

Withdrawals & distributions \$ _____

Ending capital account \$ 3,200

☒ Tax-exempt income ☐ Other (explain) _____

M Did the partner contribute property with a built-in gain or loss?
☐ Yes ☒ No
If "Yes," attach statement (see instructions)

**Part III Partner's Share of Current Year Income,
Deductions, Credits, and Other Items**

1	Ordinary business income (loss)	15	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)		
12	Section 179 deduction		
13	Other deductions		
14	Self-employment earnings (loss)		
		19	Distributions
		20	Other information

*See attached statement for additional information.

For IR: Us: Only



Partner# 6
Schedule K-1
(Form 1065)

Department of the Treasury
Internal Revenue Service

For calendar year 2015, or tax

year beginning

ending

2015

☐ Final K-1

☒ Amended K-1

651113
OMB No. 1545-01

Partner's Share of Income, Deductions, Credits, etc. ▶ See back of form and separate instructions.

Part I Information About the Partnership

A Partnership's employer identification number

47-1444612

B Partnership's name, address, city, state, and ZIP code

THOMAS WYLDE LLC

235 W 31ST ST

LOS ANGELES

CA 90007

C IRS Center where partnership filed return

e-file

D ☐ Check if this is a publicly traded partnership (PTP)

Part II Information About the Partner

E Partner's identifying number

99-9999999

F Partner's name, address, city, state, and ZIP code

HILLSHORE INVESTMENTS

CALLE 53 ESTE. URBANIZACION

MARBELLA TORRE MMG

Panama

G ☐ General partner or LLC member-manager

☒ Limited partner or other LLC member

H ☐ Domestic partner

☒ Foreign partner

I What type of entity is this partner? Corporation

J If this partner is a retirement plan (IRA/SEP/Keogh/etc.), check here ☐

J Partner's share of profit, loss, and capital (see instructions):

	Beginning	Ending
Profit	45.000000 %	96.860000 %
Loss	100.000000 %	100.000000 %
Capital	45.000000 %	96.860000 %

K Partner's share of liabilities at year end:

Nonrecourse \$
Qualified nonrecourse financing \$
Recourse \$

L Partner's capital account analysis:

Beginning capital account \$ -182,059
Capital contributed during the year \$ 7,500,013
Current year increase (decrease) \$ -4,651,971
Withdrawals & distributions \$
Ending capital account \$ 2,665,983

☒ Tax-exempt ☐ Other (explain)

M Did the partner contribute property with a built-in gain or loss?

☐ Yes ☒ No

If "Yes," attach statement (see instructions)

Part III Partner's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss)	15	Credits
	-4,613,383		
2	Net rental real estate income (loss)		
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
5	Interest income		
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
8	Net short-term capital gain (loss)		
9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
9b	Collectibles (28%) gain (loss)		
9c	Unrecaptured section 1250 gain		
10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
11	Other income (loss)	C*	48,960
12	Section 179 deduction		
13	Other deductions		
A	2,400	20	Other information
		Z*	STMT
14	Self-employment earnings (loss)		

*See attached statement for additional information.

For IR: Us: Only



SCHEDULE M-3
(Form 1065)

Department of the Treasury
Internal Revenue Service

**Net Income (Loss) Reconciliation
for Certain Partnerships**

▶ Attach to Form 1065 or Form 1065-B.

▶ Information about Schedule M-3 (Form 1065) and its instructions is at www.irs.gov/form1065.

OMB No. 1545-0123

2015

Name of partnership

THOMAS WYLDE LLC

Employer identification number

47-1444612

This Schedule M-3 is being filed because (check all that apply):

- A ☐ The amount of the partnership's total assets at the end of the tax year is equal to \$10 million or more.
- B ☒ The amount of the partnership's adjusted total assets for the tax year is equal to \$10 million or more. If box B is checked, enter the amount of adjusted total assets for the tax year 10,944,674.
- C ☐ The amount of total receipts for the tax year is equal to \$35 million or more. If box C is checked, enter the total receipts for the tax year _____.
- D ☐ An entity that is a reportable entity partner with respect to the partnership owns or is deemed to own an interest of 50 percent or more in the partnership's capital, profit, or loss, on any day during the tax year of the partnership.

Name of Reportable Entity Partner	Identifying Number	Maximum Percentage Owned or Deemed Owned

E ☐ Voluntary Filer.

Part I Financial Information and Net Income (Loss) Reconciliation

- 1a Did the partnership file SEC Form 10-K for its income statement period ending with or within this tax year?
☐ Yes. Skip lines 1b and 1c and complete lines 2 through 11 with respect to that SEC Form 10-K.
☐ No. Go to line 1b. See instructions if multiple non-tax-basis income statements are prepared.
- b Did the partnership prepare a certified audited non-tax-basis income statement for that period?
☐ Yes. Skip line 1c and complete lines 2 through 11 with respect to that income statement.
☐ No. Go to line 1c.
- c Did the partnership prepare a non-tax-basis income statement for that period?
☐ Yes. Complete lines 2 through 11 with respect to that income statement.
☐ No. Skip lines 2 through 3b and enter the partnership's net income (loss) per its books and records on line 4a.
- 2 Enter the income statement period: Beginning 01/01/15 Ending 12/31/15
- 3a Has the partnership's income statement been restated for the income statement period on line 2?
☐ Yes. (If "Yes," attach a statement and the amount of each item restated.)
☒ No.
- b Has the partnership's income statement been restated for any of the five income statement periods immediately preceding the period on line 2?
☐ Yes. (If "Yes," attach a statement and the amount of each item restated.)
☒ No.

4a Worldwide consolidated net income (loss) from income statement source identified in Part I, line 1	4a	-4,651,971
b Indicate accounting standard used for line 4a (see instructions): 1 <input checked="" type="checkbox"/> GAAP 2 <input type="checkbox"/> IFRS 3 <input type="checkbox"/> 704(b) 4 <input type="checkbox"/> Tax-basis 5 <input type="checkbox"/> Other: (Specify) ▶ _____		
5a Net income from nonincludible foreign entities (attach statement)	5a	
b Net loss from nonincludible foreign entities (attach statement and enter as a positive amount)	5b	
6a Net income from nonincludible U.S. entities (attach statement)	6a	
b Net loss from nonincludible U.S. entities (attach statement and enter as a positive amount)	6b	
7a Net income (loss) of other foreign disregarded entities (attach statement)	7a	
b Net income (loss) of other U.S. disregarded entities (attach statement)	7b	
8 Adjustment to eliminations of transactions between includible entities and nonincludible entities (attach statement)	8	
9 Adjustment to reconcile income statement period to tax year (attach statement)	9	
10 Other adjustments to reconcile to amount on line 11 (attach statement)	10	
11 Net income (loss) per income statement of the partnership. Combine lines 4a through 10	11	-4,651,971

Note: Part I line 11 must equal Part II line 26 column (a) or Schedule M-1 line 1 (see instructions)

- 12 Enter the total amount (not just the partnership's share) of the assets and liabilities of all entities included or removed on the following lines:

	Total Assets	Total Liabilities
a Included on Part I, line 4	6,292,703	3,621,220
b Removed on Part I, line 5		
c Removed on Part I, line 6		
d Included on Part I, line 7		

Form **4562**Department of the Treasury
Internal Revenue Service (99)**Depreciation and Amortization**
(Including Information on Listed Property)

▶ Attach to your tax return.

▶ Information about Form 4562 and its separate instructions is at www.irs.gov/form4562.

OMB No. 1545-0172

2015Attachment
Sequence No. **179**

Name(s) shown on return

THOMAS WYLDE LLC

Identifying number

47-1444612

Business or activity to which this form relates

Regular Depreciation

Part I Election To Expense Certain Property Under Section 179**Note:** If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2014 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2016. Add lines 9 and 10, less line 12	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.**Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	12,888
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2015	17	239
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2015 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		5,683	5.0	HY	200DB	1,138
c 7-year property		7,209	7.0	HY	200DB	1,030
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2015 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	15,295
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

47-1444612

Federal Statements

Statement 1 - Form 1065, Page 1, Line G(5) - Reason for Amended Return

Description

This amended return is to correct only partners' share of profit and capital. Partners' share of loss is same as original return. Since the taxpayer made loss in current year, change in partners' share of profit and capital will not affect partner's share of current year income, deductions, credits, and other items in Part III of Schedule K-1.

Statement 2 - Form 1065, Page 1, Line 7 - Other Income (Loss)

Description	Amount
Freight Income	\$ 38,080
Other Income	39,581
Total	<u>\$ 77,661</u>

Statement 3 - Form 1065, Page 1, Line 15 - Interest

Description	Amount
Interest expense	\$ 200,000
Total	<u>\$ 200,000</u>

Statement 4 - Form 1065, Page 1, Line 20 - Other Deductions

Description	Amount
ADVERTISING AND PROMOTION	\$ 284,574
AUTO EXPENSE	12,320
SOCIAL MEDIA	1,969
WEBSITE EXPENSE	67,850
FACTORING CHARGE	28,616
BANK FEES	30,148
COMMISSION	320,091
COPYRIGHT, PATENT & TRADEMARK	604
DUES AND SUBSCRIPTIONS	30,168
EQUIPMENT RENTAL	20,327
GIFTS	3,502
INSURANCE	19,985
MISCELLANEOUS	108
OFFICE EXPENSE	4,162
OFFICER ALLOWANCE	20,794
OFFICE SUPPLIES	34,825
OUTSIDE SERVICE	420,514
PHOTOSHOOT EXPENSE	125,415
PICK AND PACK EXPENSE	127,888
Postage & CARRIER	392
PROFESSIONAL FEES	160,591
PUBLIC RELATIONS	211,342
REFERENCE AND MATERIALS	23,010
SAMPLES	1,389,957
SHIPPING EXPENSE	156,303
SHOWROOM EXPENSE	102,242
STORAGE	29,784
SUPPLIES	26,212

47-1444612

Federal Statements

Statement 4 - Form 1065, Page 1, Line 20 - Other Deductions (continued)

<u>Description</u>	<u>Amount</u>
TELEPHONE	\$ 28,912
TRADE SHOW	439,670
TRAVEL	290,350
UTILITIES	11,632
Meals and Entertain (50%)	48,960
Total	<u>\$ 4,538,117</u>

1444612

Federal Statements

Statement 5 - Form 1065, Schedule K, Line 13a - Contributions

Description	100%	50%	30%	20%	Total
CHARITABLE CONTRIBUTION	\$	\$ 2,400	\$	\$	\$ 2,400
Total	\$ 0	\$ 2,400	\$ 0	\$ 0	\$ 2,400

47-1444612

Federal Statements

Statement 6 - Form 1065, Schedule K, Line 18c - Nondeductible Expenses

Description	Amount
Nondeductible Meals and Entertainment	\$ 48,960
Total	<u>\$ 48,960</u>

Statement 7 - Form 1065, Schedule L, Line 6 - Other Current Assets

Description	Beginning of Year	End of Year
ADVANCE TO OFFICERS	\$ 74	\$ 2,514
ADVANCE TO PDTW, LLC	4,052,052	2,434,663
VENDOR DEPOSITS	47,994	80,657
EMPLOYEE ADVANCE		900
Undeposited Funds		6,680
Total	<u>\$ 4,100,120</u>	<u>\$ 2,525,414</u>

Statement 8 - Form 1065, Schedule L, Line 13 - Other Assets

Description	Beginning of Year	End of Year
PREPAID EXPENSES	\$ 4,700	\$ 22,317
ADVANCE ON COMMISSION		13,600
GOODWILL		1,984,337
Total	<u>\$ 4,700</u>	<u>\$ 2,020,254</u>

Statement 9 - Form 1065, Schedule L, Line 17 - Other Current Liabilities

Description	Beginning of Year	End of Year
ACCRUED EXPENSES	\$ 7,671	\$ 201,107
ADVANCE FROM PDTW, LLC	36,734	
CUSTOMER DEPOSITS	66,635	29,616
FACTORING PAYABLE		430,409
ADVANCES FROM OFFICERS		12,737
AMERICAN EXPRESS		111,015
Total	<u>\$ 111,040</u>	<u>\$ 784,884</u>

Statement 10 - Form 1065, Schedule L, Line 20 - Other Liabilities

Description	Beginning of Year	End of Year
NOTE PAYABLE - LONG TERM	\$ 4,300,000	\$ 2,000,000
Total	<u>\$ 4,300,000</u>	<u>\$ 2,000,000</u>

TAXABLE YEAR **Limited Liability Company**
2015 **Return of Income**

CALIFORNIA FORM
568

201420310399 THOM 47-1444612
TYB 01-01-2015 TYE 12-31-2015
THOMAS WYLDE LLC

15 PBA 315990

RP

235 W 31ST ST
LOS ANGELES CA 90007

ACCTMETHOD 2 07-22-2014 ASSETS 6292703.
INITIAL 0 FINAL 0 AMENDED 1

- J** (1) During this taxable year, did another person or legal entity acquire control or majority ownership (more than a 50% interest) of this LLC or any legal entity in which the LLC holds a controlling or majority interest that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? ☐ Yes ☒ No
- (2) During this taxable year, did this LLC acquire control or majority ownership (more than a 50% interest) in another legal entity that owned California real property (i.e., land, buildings), leased such property for a term of 35 years or more, or leased such property from a government agency for any term? ☐ Yes ☒ No
- (3) During this taxable year, has more than 50% of the LLC's ownership interests cumulatively transferred in one or more transactions after an interest in California real property (i.e., land, buildings) was transferred to it that was excluded from property tax reassessment under Revenue and Taxation Code Section 62(a)(2) and it was not reported on a previous year's tax return? ☐ Yes ☒ No

(Yes requires filing of statement, penalties may apply – see instructions.)

		Whole dollars only	
Complete Schedule IW, LLC Income Worksheet (on Side 7) first to determine Line 1.			
1	Total income from Schedule IW, Limited Liability Company Income Worksheet. See instructions	1	4,049,442 00
2	Limited Liability Company fee. See instructions	2	6,000 00
3	2015 annual Limited Liability Company tax. See instructions	3	800 00
4	Nonconsenting nonresident members' tax liability from Schedule T (Side 4)	4	00
5	Total tax and fee. Add line 2, line 3, and line 4	5	6,800 00
6	Amount paid with form FTB 3537 and 2015 form FTB 3522 and form FTB 3536	6	6,800 00
7	Overpayment from prior year allowed as a credit	7	00
8	Withholding (Form 592-B and/or 593)	8	0 00
9	Total payments. Add line 6, line 7, and line 8	9	6,800 00
10	Use Tax. This is not a total line. See instructions	10	00
11	Payments balance. If line 9 is more than line 10, subtract line 10 from line 9	11	6,800 00
12	Use Tax balance. If line 10 is more than line 9, subtract line 9 from line 10	12	00

Enclose, but do not staple,
any payment.